

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Thursday August 25 1983

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Wall St investment
bankers' plans in
London, Page 17

Asahi ... 15	Indonesia ... 7500	Peru ... 55
Bahamas ... 100	Italy ... 1100	S. Africa ... 800
Belgium ... 100	Japan ... 1500	Singapore ... 4.10
Canada ... 100	Kenya ... 100	Spain ... 100
Ceylon ... 100	Malaysia ... 100	Taiwan ... 100
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Turkey ... 100		
U.S.A. ... 100		

No. 29,103

NEWS SUMMARY

GENERAL

Angolan block to Namibian solution

United Nations and South African officials said they had reached substantial agreement on procedures to bring Namibia to independence, but presence of Cuban troops in neighbouring Angola remained a problem.

UN Secretary General Javier Perez de Cuellar said South Africa's precondition of Cuban troop withdrawal was an issue outside his mandate from the security council.

November 2 has been chosen as the date for white South Africans to vote on a new constitution which would set up a Gaullist-style presidency, Page 3

Chad movements

The Chad Government said two columns of rebels backed by Libyan armour in northern Chad were advancing towards two government outposts. French special envoy Maurice Faure is in Addis Ababa in a fresh attempt by President Mitterrand to find a solution to the conflict, Page 3

Greenpeace victory

The environmental group Greenpeace claimed victory yesterday after Belgium abandoned plans to dump radioactive waste in the Atlantic.

Namibia "obstacle"

United Nations and South African officials said they had reached substantial agreement on procedures to bring Namibia to independence, but the presence of Cuban troops in neighbouring Angola remained a problem. Page 3; Editorial comment 14.

Solidarity setback

Key Solidarity leader Wladyslaw Harek surrendered to police and read a statement on television saying further struggle was pointless and urging other fugitives to give up, Page 2

Greek health plan

The Greek Parliament began debating the Government's plan to provide all citizens with free health care.

Sri Lanka strike

Sri Lanka's minority Tamils staged a strike in their northern stronghold of Jaffna to protest against the killing of 50 Tamils in a Colombo jail nearly a month ago, when ethnic riots swept the island.

Pakistani law strike

Lawyers in several Pakistani cities staged a two-hour strike to protest at 100 flogging sentences passed by military courts on anti-government demonstrators. President Zia said local elections in riot-torn Sind province will go ahead, Page 3

Nasty medicine

At least four people were injured and a number of buildings destroyed in a riot following a quarrel between a Muslim medicine vendor and Buddhist customers in Yandoo, Burma.

Briefly...

Vienna Woods face death from acid rain according to Austria's environmentalists.

A hand grenade left over from the Second World War killed a man working on a church roof in Czechoslovakia.

Rome airport authorities have been holding a two-month old Venezuelan girl for six days, because of queries over her adoption papers.

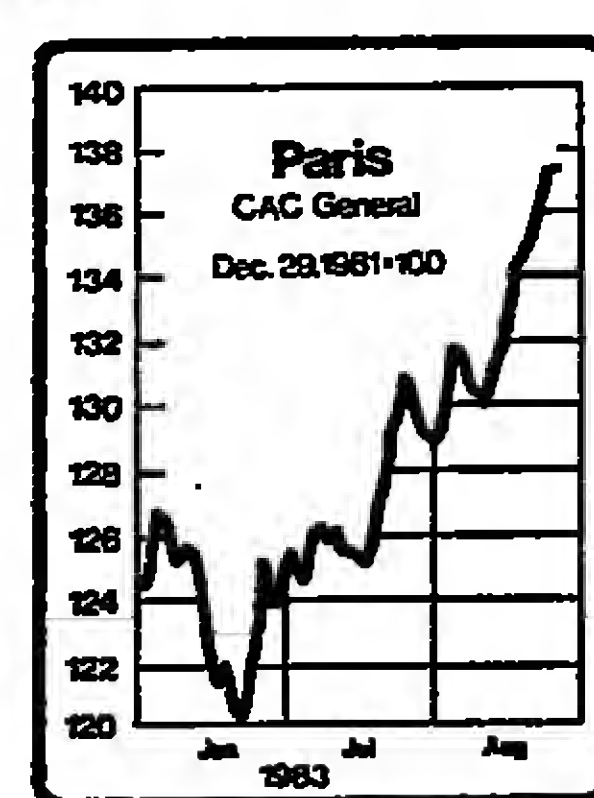
Gastro-enteritis outbreak in Nepal has killed 95 people in the past two weeks.

BUSINESS

Yugoslav rescue package delayed

YUGOSLAVIA is to extend its temporary loan repayments freeze for a further month while a \$2bn rescheduling and new loan package from its commercial bank creditors is completed. This is despite assurances on Tuesday by Mr Miodrag Veljovic, Deputy Governor of the Central Bank, that the rescue package would be ready to be signed in New York on Saturday. Bankers say that the package will not be ready for signing until the week of September 5 at the very earliest.

FRENCH stocks closed broadly higher again, continuing the trend of recent days with the indices again recording record highs. The France CAC Gen closed at 137.4 (137.3), and the France Index at 148.3 (148.2). Leading prices, Page 25



WALL STREET: The Dow Jones index closed down 8.64 at 1194.25. Full share listings, Page 26-28.

TOYOKO: The Nikkei Dow index lost 21.84 points to 9,347.34. The Stock Exchange index was 1.54 down at 678.85. Page 25; leading prices, other exchanges, Page 25.

LONDON: The FT Industrial Ordinary Index finished 7.4 down at 718.8. Report, Page 29. FT share information service, Page 30-31.

DOLLAR improved to DM 2.64 (DM 2.632), to FF 7.95 (FF 7.9275) and to SwFr 2.15 (SwFr 2.141), but eased to DM 2.63 (DM 2.623), to FF 7.94 (FF 7.9275) and to SwFr 2.14 (SwFr 2.132). In New York, it closed at DM 2.6440; FF 7.9530; SwFr 2.1520 and DM 2.6422. Page 35

STERLING fell one cent on the day to close in London at \$1.519. It also fell to DM 4.01 (DM 4.025), to FF 12.0775 (FF 12.115), to SwFr 2.2675 (SwFr 2.275) and to Y10.25 (Y10.27). Its trade-weighted index was 85.6 (85.7). In New York sterling closed at \$1.5155. Page 35

GOLD: fell \$1.75 in London to finish at \$428.575. In Zurich gold finished at \$424.5 (\$427.5). In New York the Comex August settlement was \$422 (\$425.2). Page 34

EAST GERMANY imported 33 per cent more goods from West Germany in the first half of this year than in the same period last year, Page 2

NOVO, the Danish pharmaceuticals and enzymes maker, reported a \$2 per cent increase in pre-tax earnings for the first half of the year to Dkr 467m. Page 16 and Lex

NORSKE Skogindustri, the Danish newspaper, packaging and timber producer, reported a profit before end year allocations of Nkr 42m (\$4.3m) for the first six months of this year, compared with a Nkr 5m loss.

TOYOTA MOTOR Corporation announced unconsolidated net income for the year to June 30 of Y201.4bn (\$833.5m). Page 17

BANCO AMBROSIANO collapse: investigators have seized 50.2 per cent of the shares of the troubled Italian bank. Page 17

NON-OIL EXPORTS FALL SHARPLY

Britain's current account swings back into deficit

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

Britain's export performance is failing to respond to the improving climate of world trade and the better competitiveness of UK manufacturers, according to the latest official figures released yesterday.

They show that the current account of the balance of payments swung back into a substantial deficit of £100m (£153m) in July, compared with a surplus of £412m in June.

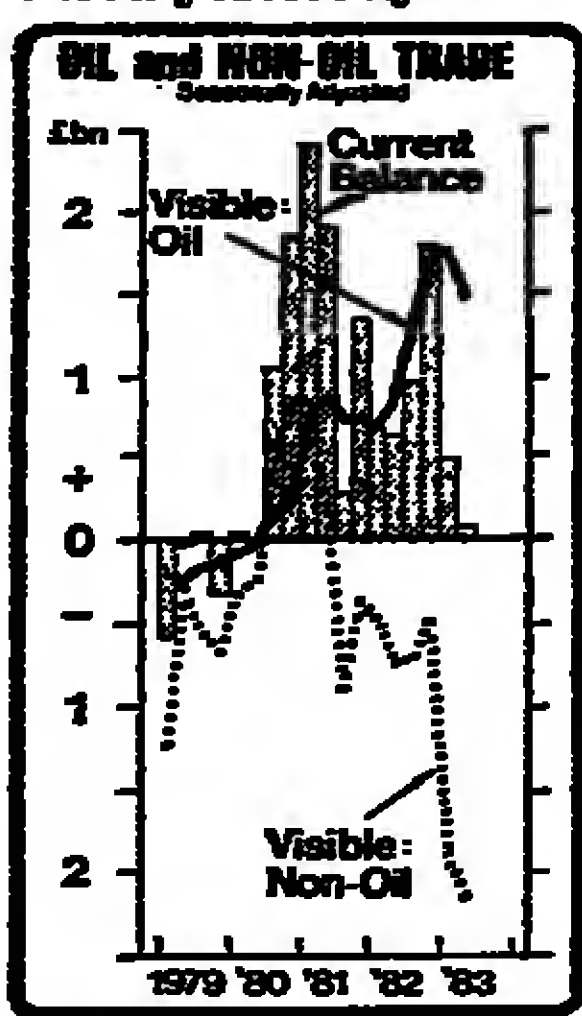
That swing reflected a £145m fall in the surplus on oil trade and a £367m deterioration in the deficit on trade in goods other than oil.

The swing between the two months highlights a longer-term deterioration of exports which is beginning to have worrying implications for the Government.

Yesterday's figures showed that average monthly exports of goods, excluding oil and erratic items, in the first seven months of this year were running about 3 per cent below the average volume for 1982.

The export figure for July was particularly poor, showing a volume nearly 8 per cent below the monthly average for last year.

Imports of goods other than oil have, on the other hand, been expanding fast, with the average monthly volume from January to



July about 5 per cent above the average for last year.

In the latest three months, non-oil exports fell by 3½ per cent compared with the level in the three

months to April, while imports rose by 1 per cent over the same periods. Poor export performance and an increased appetite for imports has led to a steady deterioration of Britain's non-oil balance of trade, almost as a mirror image of the surplus earned on oil.

In the first half of this year, the balance of trade in manufactured goods has swung into a deficit of £2,890m on an overseas trade basis.

This would be somewhat smaller on a balance of payments basis, which includes shipping and other costs. It is now clear, however, that Britain's historic surplus earned on manufacturing trade was decisively reversed at the turn of this year.

The total surplus of the current account of Britain's balance of payments for the first seven months of the year is estimated to be £478m. This compares with the Treasury's

Continued on Page 16
Economic viewpoint, Page 15;
Money markets, Page 35; UK oil
revenue, Page 9

Brazil repayment delay irritates creditor nations

BY DAVID MARSH IN PARIS

BRAZIL'S unilateral declaration that it is suspending payments on debts of \$7bn to \$8bn owed to industrialised country governments has worried and irritated officials connected with the Paris Club of western creditor nations, who fear it is creating a dangerous precedent for loan rescheduling talks with other Third World debtors.

After a visit to the French Finance Ministry last Friday by Sr Antonio Delfim Netto, the Brazilian Planning Minister, officials believe Brazil would like to convene a special Paris Club meeting to reschedule its debts to governments before reaching final accord with the International Monetary Fund.

This would go totally against the normal practice of government-to-government reschedulings. The Paris Club - its secretariat is provided by the French Finance Ministry - in the past has sanctioned reschedulings only when the debtor country has either agreed an IMF stabilisation plan or, in exceptional cases, is just on the point of clinching such an agreement.

By announcing publicly in advance that it is suspending payments on government debts, however, Brazil has pre-empted the normal Paris Club negotiation process.

Officials connected with the club admit that many countries in the past have approached Western creditors when they are already in arrears on government debt payments. But the debtor countries do not normally announce the suspension in advance in an apparent bid to railroad governments into accepting rescheduling.

A preliminary Paris Club meeting to discuss Brazil's debt problems and those of other countries is due in Paris next month. Officials are adamant that Western countries will not formally agree to a Brazil rescheduling until it has clinched agreement with the IMF, which could take until October. But they are worried about the country's negotiating tactics.

The concern surfaced yesterday as it was revealed that Sr Delfim Netto remained in Paris for the first few days of this week to continue talks with M Jacques de Larosiere, the IMF managing director.

"Countries which come to have their debt rescheduled mostly have stopped payments for a while," said one official who is a seasoned participant in Paris Club talks yesterday. "But the cause and effect is normally the other way around. They come humbly to the Paris Club having made their best efforts but not being able to pay their debts. They don't normally purposely suspend payments. It's unusual to do it that way."

Officials fear that Brazil, with its \$90bn total foreign debt, is trying to exert pressure on creditors to secure favourable rescheduling terms in a way that other countries have previously not been able to do.

Our Euromarkets Correspondent writes: Western governments are not the first of Brazil's creditors to be upset by what they see as an over-aggressive approach for help in dealing with its debt problem.

Brazil is known to have upset some key central bankers with its demands for money from the Bank for International Settlements and failure to inform the BIS speedily of its inability to repay the loan.

A number of banks were also irritated earlier this year by persistent pressure from Brazil for them to top up their money market lines to Brazilian banks abroad.

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Swiss order German tank

By Our Foreign Staff

THE SWISS Government has chosen the West German Leopard 2 battle tank over its U.S. counterpart, the M-1 Abrams, as a replacement for obsolete British Centurion and Swiss-made tanks in its armed forces.

A Cabinet meeting yesterday decided to place an initial order of 210 of the West German tanks to be supplied next year at an estimated cost of SwFr 2.5bn (\$1.17bn). Defence plans call for the Army to be provided eventually with a total of 420 tanks at an overall cost of SwFr 4.5bn.

The decision appears to conclude four years of intensive lobbying, bargaining and testing by representatives of Krauss-Maffei, manufacturers of the Leopard 2, and General Dynamics, which builds the Abrams tank.

Last month, Herr Manfred Wörner, Bonn's Defence Minister, flew to the Swiss capital to meet Mr Georges-Armand Chevaz, his Swiss counterpart, to underline Germany's determination to win the deal.

The Defence Ministry said it was authorised by the cabinet to submit the project to the national parliament next year. Approval by both houses is considered a certainty.

Thirty-five tanks will be bought in 1984 direct from the Munich-based manufacturer, and a further 175 will be built in Switzerland under licence, the Swiss Defence Ministry said.

Ministry officials said that a reason for General Dynamics' failure to win the deal was that it could not supply its tank with the 120mm cannon sought by the Swiss military before 1986.

The Swiss army now operates some 815 tanks, mainly British and Swiss models produced during the 1970s.

The second order for the remaining 210 Leopards will not be placed before 1987, the Government said.

The new model will weigh 55 tons and have a top speed of 72 km per hour. It will be equipped with a self-checking laser rangefinder giving it a destructive firepower range of 3,000 metres, which defence officials said was ideal for the defence of mountain strongholds and protection of Swiss lowland frontiers.

A third candidate for the deal, the British Challenger tank, dropped out early in the race and was not seriously considered.

Libyans look abroad for project finance

BY MARGARET HUGHES IN LONDON

LIBYA is being forced for the first time to seek 100 per cent foreign currency financing for a major project because of the cut in oil revenues and the cost of the Chad military operation.

Four international companies shortlisted as main contractors for the \$200m plus Ras Lanuf nitrogenous fertiliser project near the Gulf of Sirte have been asked to submit a full financial package by the end of this month. In the past Libya has always financed similar projects from its own resources.

The four companies are Foster Wheeler Italiana, Marubeni of Japan, Snamprogetti of Italy and Ude of West Germany. Davy McKee of London is acting as project manager.

Commercial banks, including the Arab Banking Corporation in which the Libyan Government has a one-third stake, have been approached by the main contractors, but have made it clear they would be unable to put together a syndicated loan for the nine-year term requested by Libya unless there was a substantial amount of government guaranteed export credits in any financial package.

So far the banks admit they are not getting a positive response from export credit agencies, but the contractors involved remain optimistic.

Continued on Page 16
Chad conflict, Page 3

Record French bond issue set for launch

BY OUR PARIS STAFF

THE French Finance Ministry was last night on the point of issuing a FFr 15bn domestic bond - equal to the largest ever launched in France - to help to finance this year's budget deficit.

The issue, only the second government bond to come on to the French capital market this year, seems likely to be split into two portions with different conditions, according to the Ministry's recent desire for launching innovative financing instruments.

Although the conditions have yet to be officially confirmed, the first portion was likely to carry a 13.7 per cent interest rate with a 10-year maturity. The second would have a 13.2 per cent interest rate and 12-year maturity and would be eligible for exchange by subscribers into a

floating-rate issue after two years, ministry sources said last night.

The bond follows the previous FFr 10bn issue launched by the Government in January with an interest rate of 14.00 per cent. The Finance Ministry had been hoping for a sufficient fall in money market interest rates to allow a still bigger cut in the latest bond coupon.

The Ministry has already been waiting for several weeks to achieve optimum market conditions. Although interest rates have fallen less than was hoped, the Government has little choice, but to launch the bond now to help to finance gaps in government revenues caused by a recession-induced fall in tax receipts.

Last year the Finance Ministry raised FFr 40bn in bond issues. Eurobonds, Page 36

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France declares firm intention to seek peace in Chad

By DAVID MARSH IN PARIS

THE FRENCH Government, which has just despatched an envoy to the Organisation of African Unity for talks on the Chad conflict, declared yesterday its firm intention to seek a peaceful end to the war in the central African country.

A communiqué issued after the weekly Cabinet meeting, which dealt mostly with the Chad conflict and other international issues, reaffirmed that France would pursue its "prudent and determined" response to the buildup of tensions in central Africa.

President François Mitterrand will shortly receive the heads of the National Assembly and the Senate to keep Parliament informed over Chad.

The restatement of France's intent to seek a diplomatic solution to the fighting—which seems to preclude the sending of fresh military aid to embattled Chad President Hissène Habré—came shortly after M. Claude Cheysson, the Foreign Minister, underlined that France wanted to pursue an independent line over the affair.



S. Africa constitution referendum date set

By J. D. F. JONES IN JOHANNESBURG

WHITE South Africans will vote in a referendum on November 2 for or against the new Constitution for the Republic which has been under review for many months.

Announcing this date in Cape Town yesterday Mr. P. W. Botha, the Prime Minister, said negotiations would continue on working out a method and date for consulting the "coloured" Indian minority groups—who are to be readmitted to the white-dominated political system under the proposed constitution.

Pretoria still insists on Cuban link to Namibia plan

By J. D. F. JONES IN JOHANNESBURG

MR PIK BOTHA, the South African Foreign Minister, yesterday repeated his Government's insistence that a settlement of the long running dispute in Namibia is tied to the withdrawal of Cuban troops from Angola.

In a press conference in Cape Town following the UN Secretary-General, Mr. Javier Pérez de Cuellar, Mr. Botha described the Cuban presence as "the decisive, major, main obstacle."

The assertion dampened any optimism which might have been raised by the confirmation that South Africa had accepted the provisions of UN resolution 435, the framework for a settlement.

At a separate Press conference, Mr. Botha said that all the matters he had come to discuss had been concluded to his satisfaction but "the Cuba issue is a problem on its own." He added that the Cuban issue did not fall within his brief from the UN Security Council.

Both the Secretary-General and Mr. Botha confirmed that

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June 1983

OVERSEAS NEWS

Jurek Martin in Tokyo looks at the Government's lack of a firm economic policy U.S. holds best hope for Japan's recovery

ANY ESSAY on the economic policy of the present Japanese Government could be very short. There has been the illusion of action, with economic "packages" rolling off the assembly line regularly — another, on import promotion, is promised next month — but their substance has not been immediately tangible.

The reasons for doing nothing, or at best little, are not shrouded in mystery. Monetary policy has been constrained by the weakness of the yen against the dollar while fiscal initiatives have fallen foul of the government's \$50bn budget deficit; an \$4.1bn income tax cut is just over the horizon, but when the official blueprint is released in the autumn, offsetting increases in consumption taxes are likely to reduce considerably any real stimulus.

But, understandable as it may be, the current Japanese monetary and fiscal inaction is remarkable by international standards. Mitsubishi Bank notes in its latest economic review that over the past year the U.S. discount rate has cut seven times from 12 to 8.5 per cent while a \$180bn three year tax cut schedule was put in train; that, since March, the British base rate was reduced three times while income taxes were simultaneously being cut; that West Germany since last August, lowered its discount rate four times, while also implementing modified tax concessions. Japan, meanwhile, has

	ECONOMIC PERFORMANCE			
	1972-82 average	1982	1983*	1984*
Real GNP	4.3	3.0	3.2	3.7
Industrial production	3.4	0.3	1.7	3.3
Consumer prices	9.4	2.7	1.0	1.2
Current account (\$bn)	1.8	4.9	18.0	19.2
% of GNP	0.2	0.7	1.5	1.5
Budget balance	-8.0	-14.0	-14.0	-12.0
% of GNP	-4.6	-5.4	-5.0	-4.0

Source: Average of forecasts
*Source: Philips & Drew, World Investment Review August 1983

fiscal year, the current account surplus is likely to be close to \$20bn, with the merchandise surplus at least \$30bn.

But this embarrassment of riches appears more the consequence of stagnant domestic demand than runaway exports, which only began to turn up in the late spring after more than a year of monthly declines, and which, in any case, only account for 14 per cent of industrial production. The slump in imports is partly the product of a declining oil bill, which still accounts for nearly 30 per cent of all purchases from overseas, but this, in itself, partly stems from the fact that Japanese industry is not firing on all cylinders.

It is not, it must be stressed, missing badly, except in its own lofty standards; inventories have been run down to manageable proportions, the spring wage offensive (less than a 5 per cent rise) was an acknowledged disaster to Japanese unions, inflation is down to a

conform to expectations. According to the comprehensive Nihon Keizai Shimbun survey, recurring profits were down 13 per cent in the 1982 fiscal year and are expected to drop another 13 per cent in the half year ending next month; but in the second half of fiscal 1983 a 31 per cent increase is projected, producing an overall nine per cent profit growth on the full fiscal year.

Even if, as the EPA faithfully reports, the economy has indeed "bottomed out," with industrial production rising by over one per cent in July, there remains a vague feeling of dissatisfaction. The Government is committed to "administrative reform," by which it means budget cutting, but this is a long-term course of surgery that does not include injections of adrenalin. It may cut net taxes a little, but maintaining high interest rates to protect the yen against the dollar dilutes the impact. It can open Japanese markets further, not easy political act, but the trade imbalances will not disappear overnight.

In reality, its best hope lies not in resolving the interminable debates between the Ministry of Finance, the Bank of Japan, the Economic Planning Agency and the hierarchy of the ruling Liberal Democratic Party. It lies in Washington and in U.S. monetary and fiscal policy. In that respect Japan, like Europe, may have to wait a while.

African austerity schemes fail

WASHINGTON — Austerity programmes for 23 African countries, designed to increase foreign exchange earnings, reduce inflation and deficits, failed to meet their targets in more than half the nations, the International Monetary Fund reported this week.

In return for promises of belt-tightening, the Fund in 1980 and 1981 loaned 23 countries the equivalent of \$4.5bn (\$3bn) at today's rates.

The report blamed natural disasters and unforeseen economic developments for many of the failures—drought in Senegal, high oil prices that hurt iron mining in Liberia, a drop in demand for coffee from Madagascar. Another difficulty

was getting the governments to hold down spending and increase tax collections, the IMF said.

Targets set at the time of the loans included cutting budgets, increasing consumer prices and devaluing currencies—policies which create short-term hardships for the people of poor countries but which are expected to bring long-term benefits. Critics question whether the programmes work.

The report also led to rioting and military coups. Mr Justin Zulu of Zambia, director of the Fund's African department, and Mr Saleh Nsouli, his assistant, wrote a report summarising Monday's issue of "IMF Survey."

Aquino death probe ordered

President Ferdinand Marcos of the Philippines last night announced a special judicial commission would investigate the murder on Sunday of his arch political foe, Benigno Aquino as the opposition leader's widow arrived for the funeral, Reuters reports from Manila.

A statement from the Presidential palace said the government was offering a reward of 500,000 pesos (\$30,500) for information leading to the arrest of the killer or killers.

Airport security men gunned down the assassin moments after he had shot Mr Aquino as he stepped from an aircraft at Manila airport.

Pakistan poll to go ahead

President Mohammed Zia-ul-Haq of Pakistan said yesterday local council elections in the troubled province of Sind would be held as scheduled despite widespread anti-government demonstrations there, Reuters reports from Islamabad.

President Zia, speaking at the end of a one-day visit to the Sind provincial capital of Karachi, said the violence of the past 10 days was regrettable but the authorities had the situation under control.

Officials say 18 people have now died in the protests, launched by the movement for the restoration of democracy (MRD) on August 14.

DKB ECONOMIC REPORT

August 1983: Vol. 12, No. 8

Japan's economic growth looks likely to be led by exports again

3.3% real growth in fiscal 1982

The strong domestic demand of the first quarter in fiscal 1982 is no longer perceptible in the Japanese economy, and the real GNP growth in the January-March quarter of this year is still slightly above the January-March level of the previous year.

On the other hand, imports on a U.S. dollar basis have been decreasing by a double-digit figure from the 1982 level. The primary reason for this is the drop in the price of oil, which decreased 1.8% in the October-December quarter of last year, 11.6% in the January-March quarter of 1983 and 10.2% in the April-May period from the corresponding periods a year earlier.

As a result the seasonally adjusted trade surplus in April ballooned to \$2,700 million, which by far exceeded the January-March average of \$2,100 million. Should the trade surplus keep increasing at the current pace, it would exceed the government's projection of \$20,000 million this year by about \$10,000 million.

The movement of domestic demand is extremely lax and consumption expenditure in the January-March quarter increased at a 2.1% annual rate in real terms over the preceding quarter, far behind the 9% registered in the April-June quarter of last year.

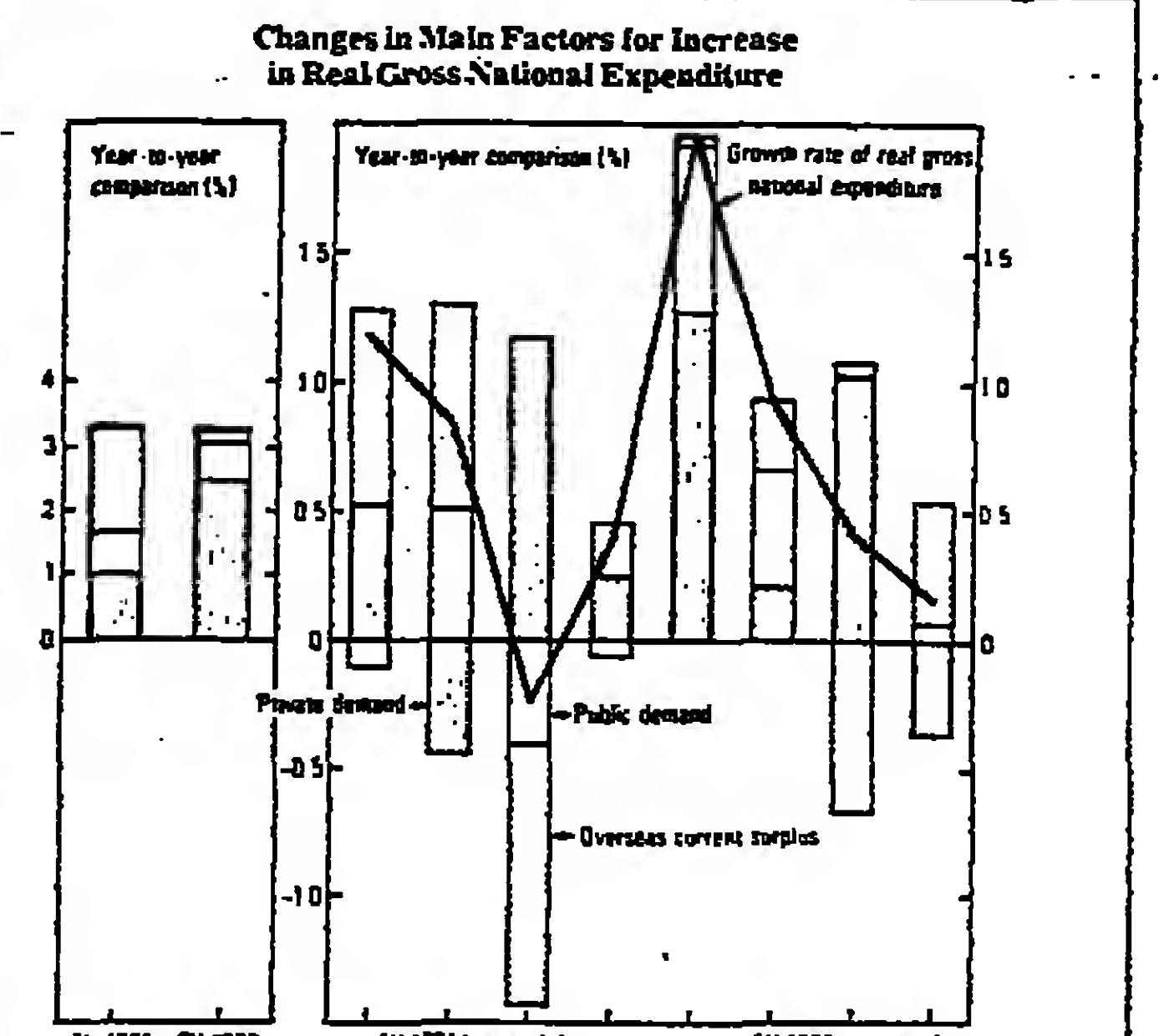
According to a household income and expenditure survey, real consumption spending of all households in fiscal 1982 was 2.4% above that of the preceding fiscal year. However, growth in the March-April period slackened and recorded a scant gain of 0.8% over the same period of 1982. Large retail store sales recorded an increase of 2.4% in March and 2.5% in April over the same months of 1982. Housing investment is low.

keyed. The number of starts, which swelled in autumn of 1982 because of the rush just before the revision of the leading indicators of the Housing Loan Corporation loans, diminished drastically after the peak month of January and dropped in March and April below the respective 1982 levels.

The low undertone of personal demand reflected in consumption spending and housing investment is attributable basically to the very small increase in wages (the wage hike won by workers this spring was a record low of 4.4%, and the increase in the summer bonus was also small as well as to the increased tax burden. It is hard to expect the personal-demand component to exert any bigger force to invigorate the economy.

Investment by private enterprises is losing vigor. According to the "Short-Term Economic Survey of Principal Enterprises" issued by the Bank of Japan in May, principal enterprises' plant and equipment investment plans for fiscal 1983 were revised downward 1.2% from the time of the previous survey in February and down 0.4% from the preceding year. Of the 20 industrial categories surveyed, only two, electric machinery and retailing, increased their plant and equipment investment for both fiscal 1982 and 1983. It is noteworthy that most of these investments were made for rationalization, labor-saving, and research and development.

Economic indicators related to production have begun to show slight movement in a situation marked by recovery of exports and sluggish domestic demand. Average mining and manufacturing production in the March-April period increased 1.9% over the January-March average. The inventory ratio to sales also dropped 2.5% to the level of the October-December quarter of 1981, when business appeared somewhat bright for a while during the current recession, which has lasted



more than three years. The inventory ratio of consumer goods dipped conspicuously. However, the rate for overall mining and manufacturing industry and that of capital goods are far above the levels of autumn of 1979, when the current recession had not yet started.

To be sure, inventory adjustment is progressing, suggesting that the economy will pick up. However, it is inconceivable that a full-scale inventory buildup will occur in the near future. According to the Bank of Japan's Short-Term Economic Survey, the proportion of enterprises that consider both manufacturers' and distributors' inventory still in excess is overwhelmingly high. Although there were violent month-to-month fluctuations, it may be concluded that production activities are showing positive moves, judging from the 1% rise in March and April of the manufacturing industries' operation rate over that of January and February.

Easing corporate finance and easing government bonds

Corporate demand for funds is still weak consequent to sluggish sales, progress in inventory adjustment, and a slump in plant and equipment investment. Although there is a possibility of increasing demand for funds among some

export-related industries, it seems unlikely that the overall tone of demand for funds will change in the immediate future. Now that the easy monetary policy has been in force for a long period, banks are assuming a positive attitude on lending to enterprises.

The market price of government bonds has slumped since late May, what with the rebound of interest rates in the United States and the depreciation of the yen's exchange value. As of mid-June the market price of 7.5%-interest-bearing government bonds was nearly 4% lower than the offer price of new issues, pushing up their yield about 0.2%. With the issue of a total of ¥100 billion ultra-long-term (15 years) government bonds, for the first time in June, the government will somehow be able to manage its finances.

Japan is being exposed to blame from other countries for lacking effective measures to stimulate domestic demand while its trade surplus is snowballing. The opportunity to lower the official discount rate has been lost because the yen's exchange value has dropped to hover at about ¥240 to the dollar and because, led by the high yield of government bonds, domestic long-term interest rates still remain high. The root cause for all this may be found in the large fiscal deficits of both the United States and Japan.

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DAI-ICHI KANGYO BANK

The next DKB monthly report will appear Sept. 25.

Central Africa in Chad

procedure" and called for a "full-scale" military operation to "expel the largest military operation since the war."

Even the Socialist Front, which has just despatched an envoy to the Organisation of African Unity for talks on the Chad conflict, declared yesterday its firm intention to seek a peaceful end to the war in the central African country.

A communiqué issued after the weekly Cabinet meeting, which dealt mostly with the Chad conflict and other international issues, reaffirmed that France would pursue its "prudent and determined" response to the buildup of tensions in central Africa.

Propaganda coup for Jaruzelski

By David Buchan, East Europe Correspondent

THE POLISH authorities yesterday questioned Mr. Jaruzelski, a senior figure in the Solidarity movement, in a surprise move which was an important propaganda coup for the Jaruzelski Government.

The Krakow police reported to have asked Mr. Jaruzelski, who is charged with the task of running the Solidarity movement, to appear in court on Tuesday, read a statement under oath and to undergo a medical examination.

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TECHNOLOGY

FINANCE FOR EUROPEAN TELECOMMUNICATIONS SHOULD RISE 50 PER CENT OVER THE NEXT DECADE

Investment calls will rule out tariff relief

BY GUY DE JONQUIERES

THE NEED to finance expanding investment programmes is likely to rule out any fall in telecommunication tariffs in Western Europe in the foreseeable future, in spite of a reduction in many of the other costs borne by national telecommunications authorities (PTTs).

This is one of the principal conclusions of a study published this week by Logica, the British computer services group. The study suggests that total investment in telecommunications in Europe will rise by about 50 per cent in real terms over the next five to 10 years.

Annual investment by the PTTs in the seven largest European countries is currently running at about \$15bn. But in several cases this is below the real level of spending in the mid-1970s and will have to be stepped up if PTTs are to take advantage of advances in technology and meet customer demands for a variety of new services.

Much of the spending will be to re-equip national networks with digital switching and transmission. "Every Western European country will be obliged to undertake the massive initial investment to install these new networks — or risk losing its place in the ranks of the advanced industrial economies," the study says.

Difficulty

PTTs everywhere in Europe, except possibly in France, have had difficulty raising finance in recent years. Logica forecasts that they will borrow increasingly on the open market, perhaps by issuing bonds indexed to the inflation rate or the growth of telecommunications.

But it thinks that no other countries will be likely to follow the example of the UK, which plans to sell shares in British Telecom to private investors, for at least five years. They would do so only if it was shown that the decision had raised the level of investment and growth of British telecommunications, which have been among the lowest in Europe on

a per capita and per telephone basis.

The study expresses strong doubts on this score. "The record of British management and the investment community in supporting large-scale investment in industry is poor," it says, "and the demand for high profits, BT could find it just as difficult to increase investment as before."

Other factors working to keep tariffs up throughout Europe include a general relaxation of government price controls over telecommunications and a commercially more aggressive attitude among PTTs, which will emphasise profitability over service in the future. These trends will more than offset declining costs of digital electronic technology and the probability that PTTs will strike harder bargains with equipment suppliers.

The study foresees a gradual and somewhat uneven spread of more liberal policies towards the supply of subscriber equipment and value added network services. But PTT monopolies over the provision of telecommunications circuits are likely to remain intact on the Continent. Other European countries believe that attempts to stimulate competition in this field — as Britain is doing by licensing the independent Mercury network — are wasteful and ineffective.

The study points out that many PTTs are not enforcing their monopolies over the supply of terminals and equipment for newer services such as videotex information systems. In West Germany, the Post Office (Bundespost) has agreed to limit its share of the facsimile equipment market to 20 per cent, while in France a more liberal approvals policy has produced freer competition and lower prices in the private exchange (PABX) market.

But in many cases, markets are still open only to local manufacturers and PTT purchasing policies remain highly nationalistic. "In a time of recession and high unemployment the European Commission's dream of a common market in telecommunications seems as far away as ever," Logica says.

It blames European manufacturers for resisting freer trade

Volume and Sources of Investment by European PTTs

Country	Total annual investment in 1982/83	Exchange rate (units/\$)	Investment in \$	Investment per inhabitant*	Source of funds
UK	£1590m in 1982/83	0.645	\$2460m	\$44	88.5% internal in 1982; balance mainly from government funds; very limited open market borrowing
The German FR	DM 14,900m in 1983	2.55	\$5843m	\$95	42.8% internal in 1981; balance on the open market subject to government approval
France	FFr 27000m/yr 1983-85	7.48	\$3520m	\$65	About 80% internal; balance on the open market through specialised institutions
Italy	4170bn Lira in 1983	1510	\$2760m	\$49	Internal funding was very low but has now risen to about 50%; balance on the open market
Sweden	SKr 4,250m in 1981/82	7.43	\$557m	\$67	85% internal; balance from government funds; Teleinvest borrows on the open market
Spain	About Pta 1600m/yr in 1982	143	\$769m	\$20	45% internal in 1981; balance on the open market, including overseas loans
Netherlands	Fl 1600m in 1982	2.85	\$561m	\$39	Funding government controlled

* 1981 population numbers

within the EEC and warns that they are forfeiting the economies of scale needed to compete against U.S. and Japanese suppliers. The best solution would be for European companies to agree bilaterally to pool development resources and share contracts.

The outlook for new network services is more complex and confused. The study points out that public response to much-

heralded innovations such as videotex has been generally disappointing. Demand for high-speed data circuits has been confined so far mainly to specialised uses among a small number of large customers with sophisticated needs. The market is likely to grow more slowly than PTTs expect and may not develop strongly until the 1990s.

Some more modest value-

added services, such as protocol and code conversion, deferred transmission and electronic mailbox facilities could develop faster. But PTTs will find it difficult to provide a wide range of specialised services to a limited clientele and may decide to follow Britain's example by allowing competition in these fields.

Logica suggests that the commercial success of new network

services will be decided by the extent to which they contribute to the ease and convenience of communication. The PTTs could usefully pay more attention to offering a wider variety of facilities for voice communication, such as abbreviated dialling, call diversion and automatic alarm calls.

Such services have not been emphasised so far because few exchanges in operation at present can provide them, and because a lengthy and expensive education campaign would probably be needed to persuade the public to use them. But unless such a campaign is undertaken, the capacity of the new generation of electronic exchanges now being installed will be under-utilised, the study says.

The study features detailed descriptions and analyses of the position and trends in each of the major European telecommunications markets. It covers arrangements for the supply of equipment and services, procurement policies, regulation, and PTT financial information.

"Communications in Europe — The Changing Environment", £29.50; published by Logica, 64, Newman Street, London W1A 4SE; tel (01) 637 9111; telex 27200.

Manufacturing
Oxford's
ion beams

OXFORD APPLIED Research, innovator in ion beam systems used in milling and in semiconductor manufacture, has signed an agreement with the neighbouring Oxford Instruments Group for the manufacture and marketing of its advanced equipment.

The ion beam milling equipment was developed by Dr Roy Clappitt, managing director of Oxford Applied Research. Oxford Instruments has formed a new materials science group to manufacture the systems. Oxford Instruments is on 0865 722768.

Software
Compiler
for Ada

A COMPILER for the new real time programming language, Ada, has been announced by the UK computer services companies Software Sciences and Systems Programmers.

York/Ada which runs on the DEC top-end VAX computer is the result of a four-year development programme at York University. Systems Programmers and Software Sciences will market the new compiler worldwide. VAX Unix and VAX VMS versions are available immediately. SPL is on 01-637 4353; SSL on 0252 544321.

Inspection
Electronic
Gauging

MARPOSS OF Coventry have announced an on-site service for the conversion of mechanical dial gauges to their electronic equivalents. The company says the most complex fixtures can be converted in less than half a working day, resulting in faster, more accurate and more detailed inspection.

The secret is interchangeable transducers with the same diameter as the clamping diameter of the mechanical gauges which have been developed by Marposs. More on 0203 27491.

Bar coding

OPTICAL BAR codes can be printed on the Omniprint 300 printer by virtue of a new software package released by the manufacturer.

It can be attached to any computer or terminal. The software package is priced at £250 including label printing facility. More on 0258 55067.

COMPUTER AIDED ENGINEERING

Applicon integrates on 32-bit software

APPLICON has moved the computer-aided engineering (CAE) idea further forward with the announcement of new 32 bit software including a database management system that allows yet more integration of functions within the whole area of mechanical design and manufacturing.

According to Dr Russell Henke, vice president of marketing for Applicon, this kind of approach will be increasingly dictated by the need to bring new high quality and reliable products to the market in shorter times.

He also noted that in the U.S. the shortage of good engineers has meant starting them from college at \$25,000 (£17,000) a year. So there is a need, too, for higher engineering productivity.

The overall objective of the system, which is called Bravo, is for the designer to build prototypes in software rather than using the old "cut and try" methods. So repetitive testing and modification takes place on a mathematical model in the computer — dramatically reducing the time for refined hardware to see the light of day.

The data developed to model a part by interactive screen and keyboard work immediately becomes part of the underlying database. It is subsequently available for analysis, draughting and manufacturing — without file transfers between separate computers.

Using a one line or (if the user needs it) an extended description menu, the designer can deploy "wire frame" modelling of parts and then define surfaces on-line using

simple construction lines. The system automatically interpolates the lines to create a smooth surface.

Also available is an enhanced version of the company's Solids Modelling facility — "hidden lines" are removed in real time and shaded images (in which illumination appears to be coming from a specific direction) are calculated instantaneously, it is claimed.

Having constructed and visualised the part, the designer can proceed to analyse it in various ways, for example, the behaviour of linkages can be examined and kinematic analysis carried out in two or three dimensions.

Then, deflections, strains, stresses and vibrational modes can be examined using a software element that takes the previously constructed model and creates a finite element mesh on its surface.

Graphical

A relatively modest-scale analysis is carried out to give a graphical display of mode shapes, while colour contour plots allow the engineer to instantly see the location of design weaknesses — "without analysing miles of print-outs."

Furthermore, the model can be animated on the screen to illustrate the effects of vibration.

After the design is "tested" and documented the data is processed by further software that gives a direct numerical control output for cutting operations on suitable machine tools. The program is a product of an associated Schlumberger company, Manufacturing Data Systems, which claims to have captured 50 per cent of the NC tape preparation market.

Applicon has also disclosed that it will soon be moving into the printed circuit board design area following an agreement with Gorenz Corporation of New York.

The software will provide "state of the art solutions" for digital PCB design and analysis and will be integrated with Applicon's present offerings for semiconductor circuit design. More in the UK on 061 420 7227.

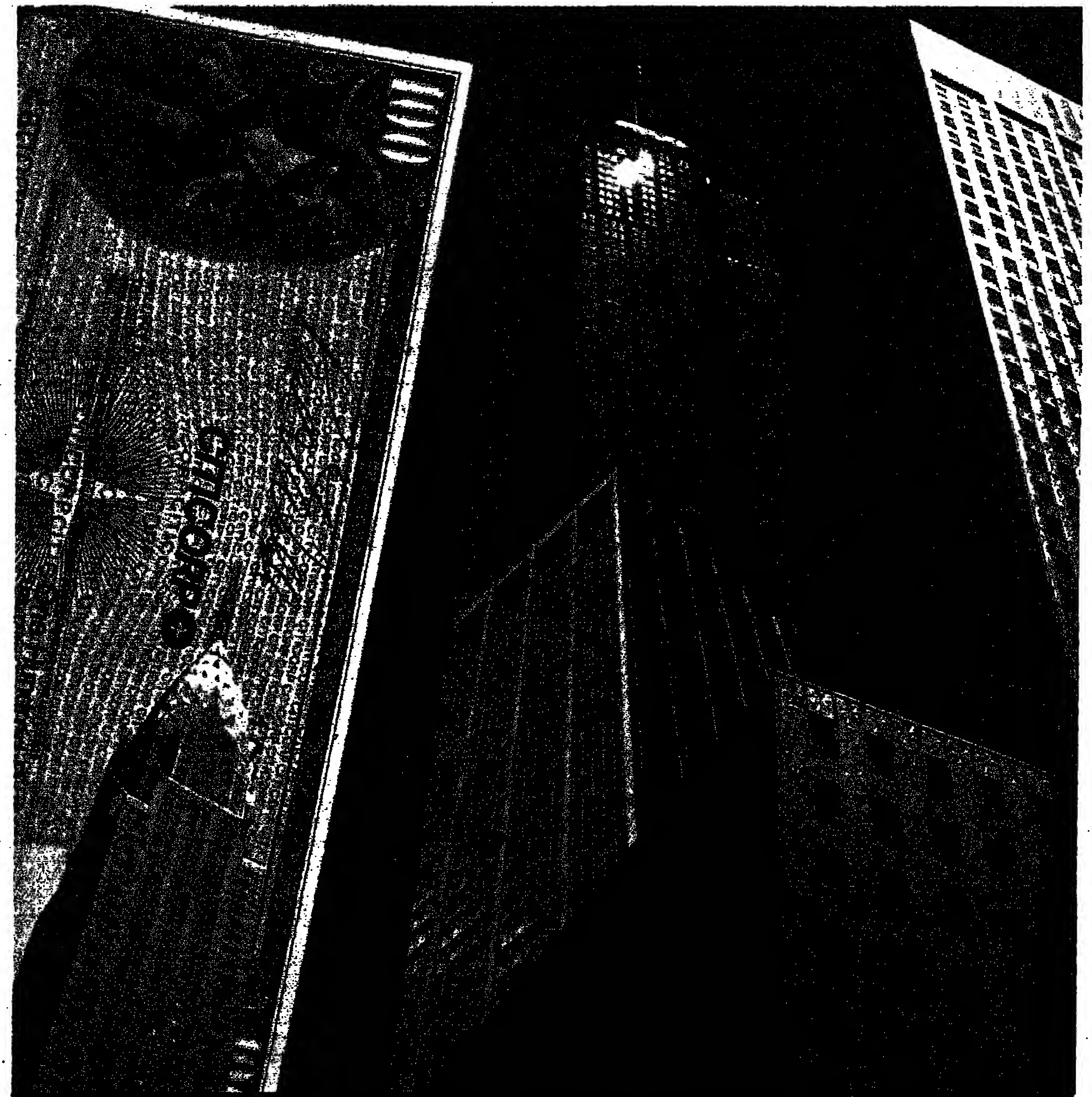
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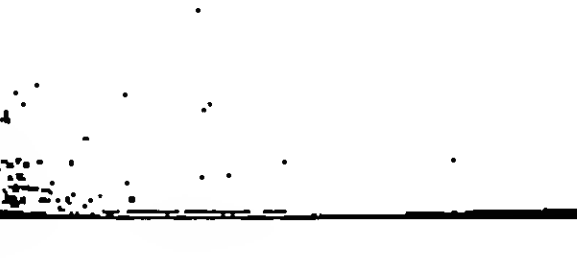
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THE MANAGEMENT PAGE: Marketing

PURISTS with their whisk and chilled bowls will be shocked, but it is accepted wisdom today that 8 per cent of Britain's £70m retail cream market now comes fizzing out of aerosol cans.

All of that 8 per cent is owned by Anchor Foods, specifically by Anchor Foods' aerosol Real Dairy Cream. Since its launch some 18 months ago, aerosol cream's sales have outstripped the most optimistic estimates of both industry experts and its creators. Today, the convenience cream looks set to double its market share in the next 18 months.

The success of cream in an aerosol can seems to be one which defies gravity. The British consumer has a notoriously conservative palate and Anchor, the UK arm of the New Zealand Dairy Board, has only six sales people in the UK.

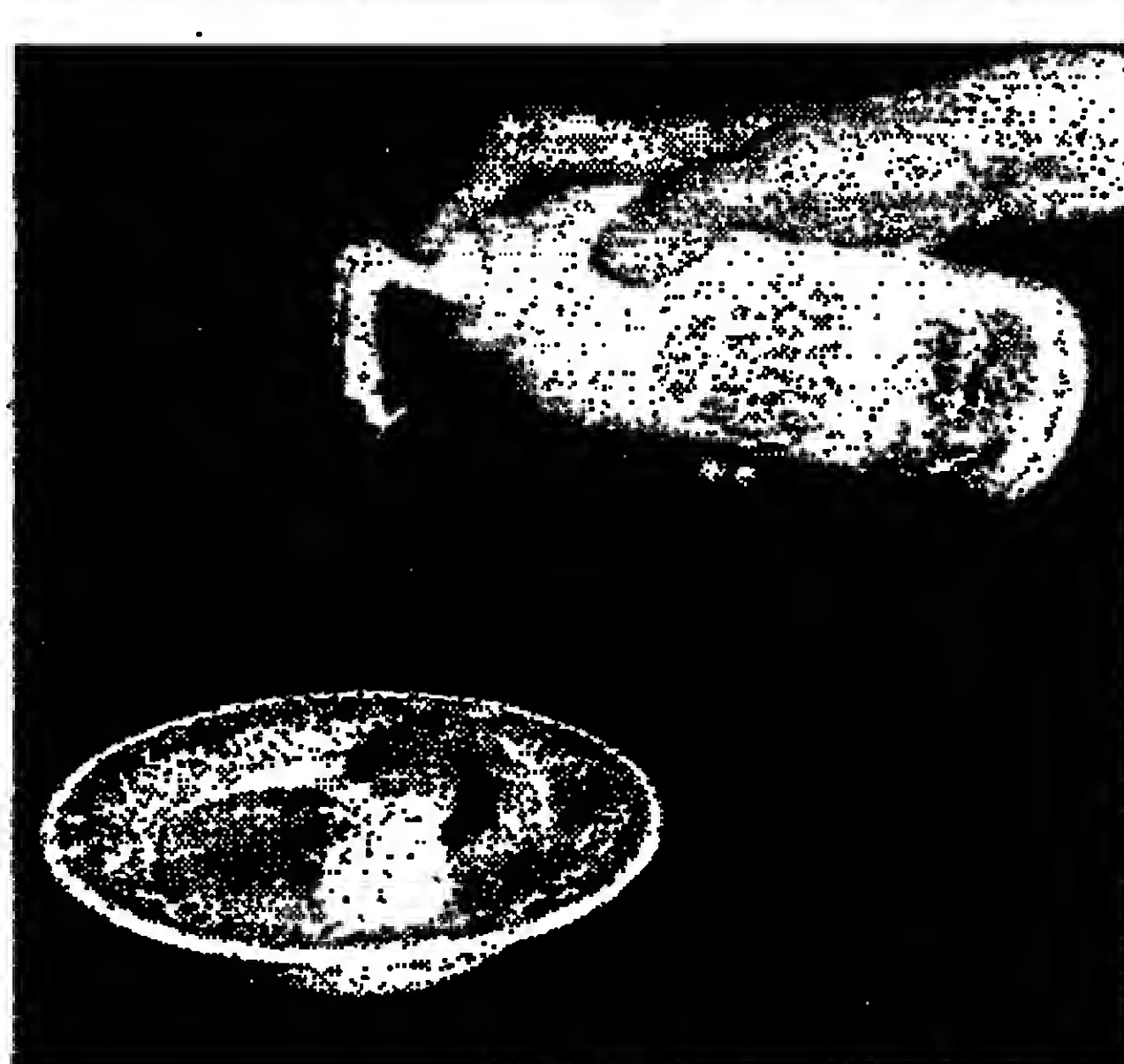
As is often the case with extremely risky gambles, economic necessity gave Anchor the courage to tackle the impossible. ESC, a government agency, gave Anchor a licence to diversify into product diversification which has been taken up by Keith Collins, the current market development manager.

So far, the company has managed to expand from three product lines—all butter—to some 43 product lines based on butter, cream and cheese. For all of the new products, Anchor has hammered out its most important criteria:

- The new product must be capable of supporting the Anchor brand, i.e. be wholesome as well as allied to the field of dairy products.
- It must be a product which cannot be easily copied by competitors.
- It must be capable of generating significant volume (to help compensate for quota cut-backs).
- It must provide a solid profit margin from which advertising support can be funded.

The company also puts a premium on a distinctive product and one which has a practical shelf-life of at least six weeks. Aerosol cream happily met all these criteria, yet even Anchor wasn't prepared for its success.

Demand for the product soared so quickly last summer that



Anchor's away to new markets

Carla Rapoport on a novel aerosol product

advertising had to be halted while stocks could be rebuilt. Since then, the group has announced a new £1m factory to be built solely for the manufacture of aerosol food products.

"In all our experience, we've never seen a product respond so quickly to advertising," says Collins. Traditionally, he says, the cream season is June, July and August, plus the two weeks before Christmas.

"We found by advertising on television in February and March and October and November that we were able to create two secondary peaks for ourselves," he says. The company has spent close to £1m on television and market research for the product and has yet to regret a penny of the expenditure.

To both the company's and industry's surprise, aerosol cream sales have merely expanded the cream market in the UK, not knocked down sales of conventional fresh and UHT cream.

you had asked me if I thought it would do this well, I'd have said no way—our initial reaction was disbelief. Others have tried and failed in this field, but Anchor has a name and supports it well."

Industry sources confirm Anchor's figures for its product, showing that sales of UHT cream now account for 30 per cent of the packaged cream market, compared with 25 per cent last year. (Anchor's aerosol cans fall in the UHT category.) In volume terms, the sales of packaged cream have jumped from 25m litres in 1982 to an estimated 28m litres this year, with Anchor earning most of the credit for the increase.

"This product has made us change our view about Anchor," says Tesco's Jefferson. "We are now much more receptive to their new products coming along."

Collins is shy about revealing profit margins for his aerosol product, but at around £1.15 a can (compared with 85p for a pot of double cream), he's not complaining. "He's making a lot more money than I am," says Jefferson, "and that will be a negotiating point if this thing continues to grow."

researchers for much of the success of aerosol cream. The found that only real cream in a can would appeal to housewives, with the convenience of a long refrigerator life justifying the higher cost. "We found that customers often threw fresh cream away because they'd bought too much and it had gone bad," says Collins.

Anchor's experience with new products, however, hasn't been as totally smooth as whipped cream. A sorbet which met most of the company's criteria had to be dropped because it couldn't generate sufficient volume.

Sometimes, he says, it's harder to drop a product than to go through with it. "New products become your children," says Collins, "but like children, when they start misbehaving, they have to be smacked."

Collins says that Anchor gets its ideas for new products from everywhere, "we're not proud". Aerosol cream grew out of a visit to an international food fair. This, in turn, led to a deal with a Belgian food group which had the technology for putting UHT cream into an aerosol can. Even then, Collins says he spent more time with the county trading standards officer than with the company's accountants before the launch.

Unlike American and continental products, Anchor's aerosol cream couldn't have any extra flavourings.

In the last month, Anchor has spread its wings further with another new idea, Anchor Shake. So far, sales have been promising. But even Collins admits that the new product is an innovation of packaging rather than food. The shake's large package allows the liquid inside to be shaken up into a thick, creamy consistency, like the sort of shake one can buy in a fast food restaurant.

The packaging angle is crucial for Anchor. "Trying to get the housewife to change her eating habits is very difficult," says Collins, "but if you present her with something she knows and loves, in a slightly different form, then you are in good shape."

In a recent report on Anchor, Kraushar and Easie, the management consultants, speculated on whether Anchor will try to extend the success of its aerosol format into other new areas.

Collins isn't giving anything away, but points to the U.S. market where aerosol cheese has made major inroads into the snack cheese market. "They might be pushing their luck" comments a supermarket buyer on this possibility. "But then, they have put together an impressive track record on a product I thought no one would buy."



A policy of direct approach

Feona McEwan on the increasing popularity of selling finance through the post

THEY'RE ALL doing it. From the minnows to the whales—be it the humble local broker or the mighty Prudential Assurance—the insurance world is discovering that one way to sell cost-effectively and fast is by means of the postage stamp.

Direct mail is, of course, only one wing of the whole direct marketing approach — direct response can also come from Press or television ads, which invite direct reply.

And it's not only insurance houses. Other financial institutions—building societies, banks and unit trusts—are waking up to the direct marketing habit.

Christian Brann, one of the UK's largest direct mailing houses, reports brisk business in the financial sector. "In the first half of this year," says creative director, Graeme Robertson,

"we've picked up nine different financial institutions including Standard Life, Schroder Life, Fidelity and Perpetual Unit Trusts. This is alongside existing business from Guardian Royal Exchange, UK Provident, and Trustee Savings Bank."

In the last two years there have been distinct signs of movement outside the traditional routes (door-to-door salesmen, broker and branches) towards supplementing income with direct mail. The Pru, for instance, recently spent £69,000 (at ratecard prices) on a one month direct response television campaign.

By comparing the annual premiums of life assurance and pensions in the U.S. (£50bn or £225 per person) with those in the UK (£7bn or £125 per

person) and making allowances for the fact that Americans tend to be overinsured, Robertson conservatively estimates that there is a slack of about £3.5bn per year in the UK. This points to a potential increase in the market of at least 50 per cent.

One of the most convincing examples of direct mail concerns the clever marketing by building societies of the newly legalised MIRAS scheme. This enhanced the appeal of insurance-linked endowment mort-

gage insurance, he believes, offers huge potential. He is convinced there is a huge faceless mass, all under-insured and under-served by the traditional salesman—ranging from the man from the Pru to the pin-striped broker.

It will surprise no one that the U.S. has been attacking the direct mail route aggressively for some years now. There are myriad packages to choose from—policies for Vietnam veterans, slim people, health fanatics.

Robertson. He points out that they are privy to just the sort of information (age, income and so on) that would facilitate a successful direct marketing about.

Unless they get in on the act, traditional companies relying wholly on door-to-door salesmen and brokers only are in danger, says the direct mail industry, of finding their market eroded.

Bearing in mind that life insurance policies have built commissions, varying from as high as 100 per cent of the first year's premium to about 30 per cent, the marketeers believe the direct approach makes good financial sense. And by selling direct, without commission, a company can siphon the money back into promotion. And if that promotion brings in business, goes the argument, why have intermediaries?

Finance is certainly a tailor-made product to market direct. No warehousing, carriage, delivery, packaging or other overheads. What is more it has to be sold, people won't walk in and buy it off a shelf.

The beauty of direct response marketing, the industry intimates, is that its effectiveness is quickly tested. If a press ad is repeated, the first effort must usually have paid for itself. A good average response to a direct mail shot is 0.5 per cent, though it can be as high as 12.

With the interactive age on the horizon, Robertson believes the future holds enormous implications for financial direct marketing. He looks forward to the day of buying a life policy over the screen with the same ease as ordering baked beans.

Althous Access and Barclaycard include 'stuffers' in their mailings, banks themselves are missing out

gates following the government's introduction of a new system of mortgage interest tax relief. Seven of the major societies including the Halifax, Abbey National and Nationwide, chose direct mail to persuade borrowers they might be better off with a low-cost endowment scheme by sending them various insurance policy details. Between them, according to Financial Marketing News, they mailed 1,892,000 people (at an estimated total cost of £473,000). For a spend of under half a million they coined a remarkable return in commission of around £30m.

"My personal guess is that these MIRAS mailings are the most successful of all time," says Robertson, who believes that financial direct marketing is nowhere near fully tapped.

Now companies outside the life insurance area are becoming involved. Ingenuity knows no bounds and you can even buy your life cover in the same breath as your baby food. Gerber is the company offering this deal.

It's only a matter of time before the UK picks up similar habits, some marketeers believe. "The fascinating thing," says Robertson, "is that people are buying from these non-traditional sources." This is starting in the UK with department stores like Debenhams, which regularly mails its account holders with life insurance, loan offers and health insurance.

Access and Barclaycard too include "stuffers" in their mailings to subscribers. Banks themselves on the other hand are missing out, according to

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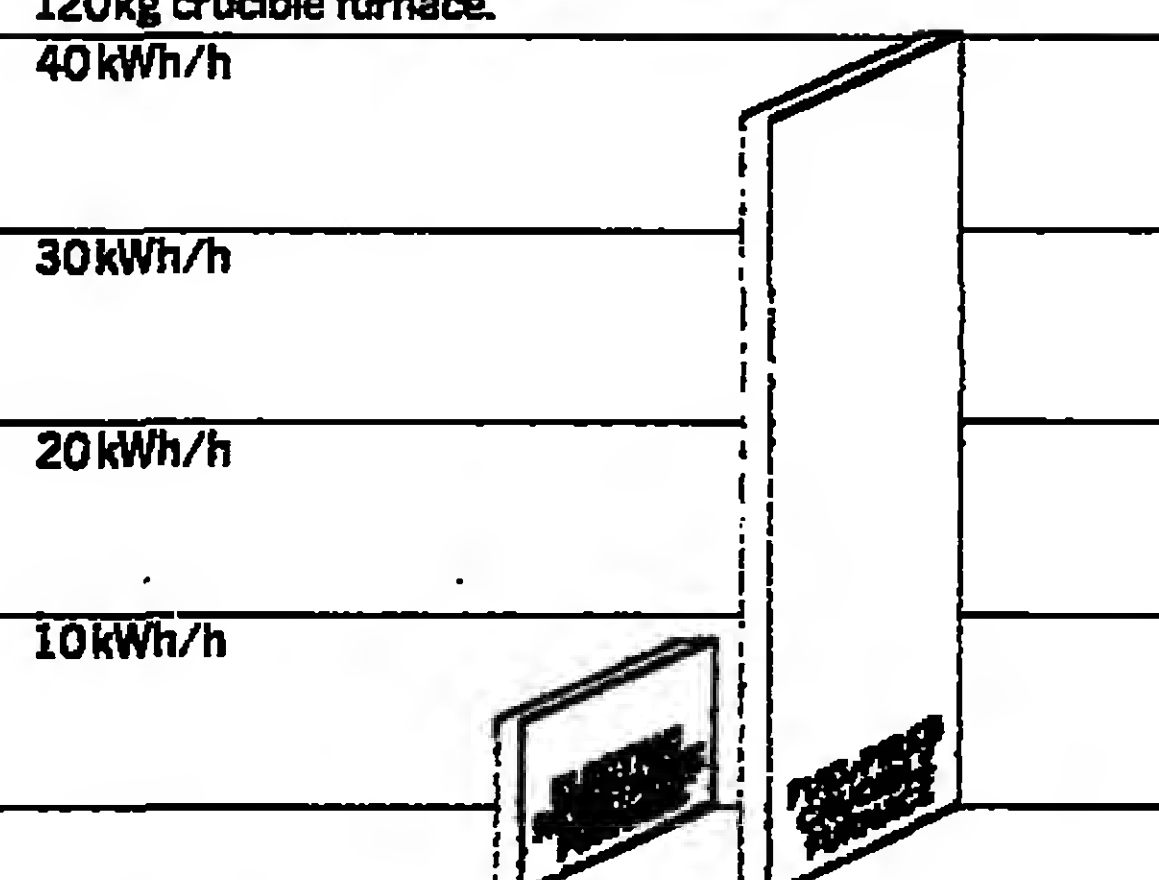
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Top left: This Excel Heat LTM furnace provides a low-cost service for Allen Ygnis Boilers Ltd. Bottom left: Truline Ceiling Products Ltd achieved a six-fold increase in productivity with their infra-red tunnel oven supplied by Health and Safety Engineering Ltd. Right: Eight new Inductotherm furnaces helped British Engines Ltd to double exports, increase product ranges and contain costs.

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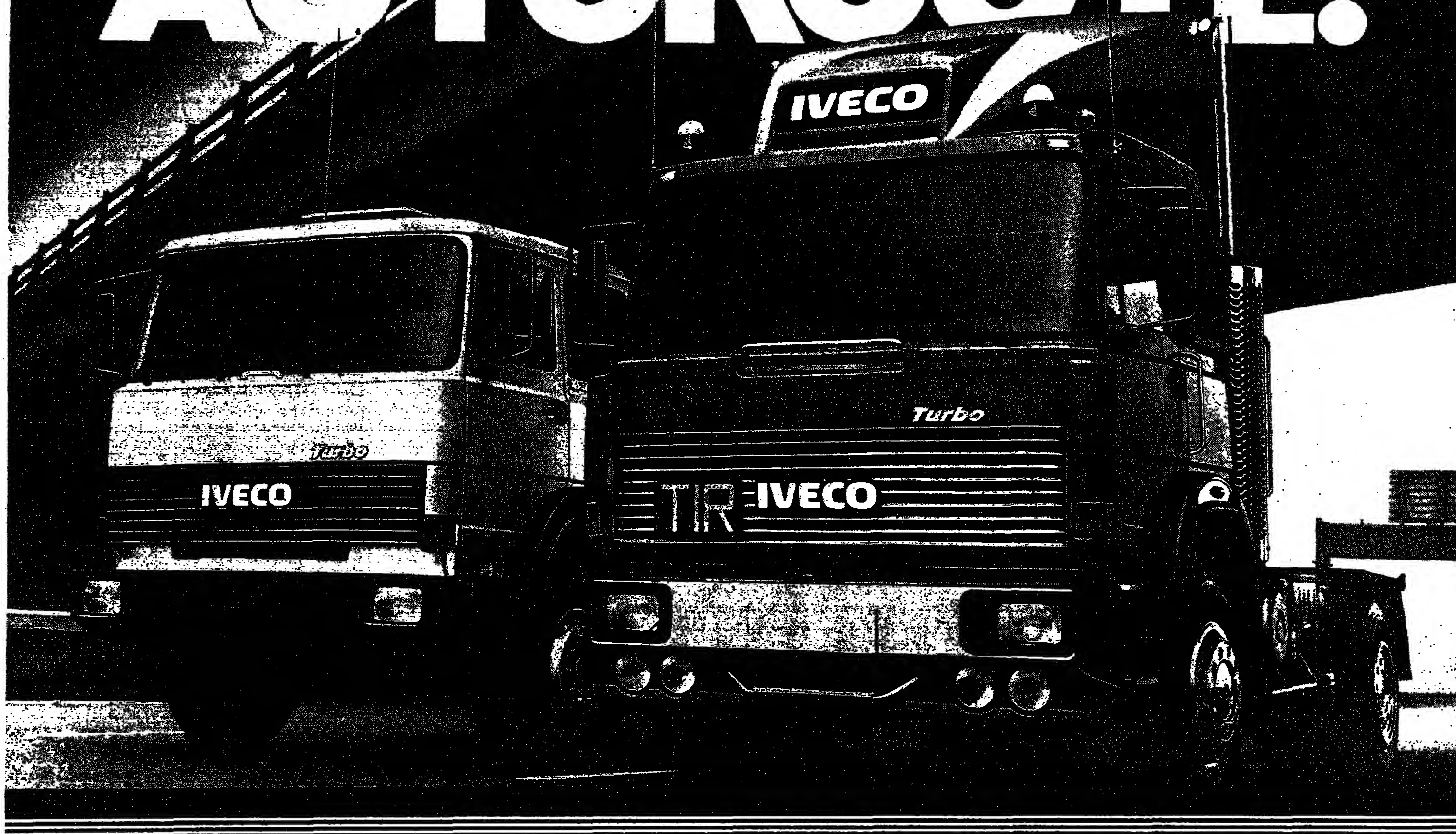
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Robertson. He points out they are privy to a mass of information (age, sex, so on) that would make successful direct mail shot. Unless they get in a act, traditional commissioning wholly on door-to-door salesmen and brokers is in danger, says the director, of finding the key eroded. Bearing in mind the assurance policies have a commission, varying as high as 100 per cent of the year's premium to about 10 per cent, the market is in a financial sense. And for direct, without commission, back into promotion is that promotion brings a loss, goes the argument. Finance is certainly a made product to make. No warehousing, cartage, delivery, packaging or silos. What is more, to be sold, people want to buy it off a shelf. The beauty of direct marketing, the industry makes is that its effect is quickly tested. If it is repeated, the firm usually have paid for the good average response. direct mail shot is 0.2 per cent, though it can be as high as 10 per cent. With the internet, the future holds some. phuntions for financial marketing. He looks over the screen with ease as ordering habits

to help you.

UK NEWS

Nuclear export orders rise to over £2.7bn

By DAVID FISHLOCK, SCIENCE EDITOR

THE BRITISH nuclear industry has export orders in hand worth more than £2.7bn. This was disclosed by British Nuclear Fuels, the state-owned nuclear group, which yesterday announced record profits last year of £114m, up from £91m, in 1981-82.

The total includes orders for the reprocessing and transport of nuclear fuel worth about £2bn. The company's Sellafield factory in Cumbria will handle the major share of the nuclear export business. New export orders last year totalled £91.5m, an increase of £24m on the previous year.

The other major sectors of export business are for the enrichment of uranium at its Capenhurst factory in Cheshire, worth about £500m; and for what the company calls its "intermediate" business concerned with nuclear fuel, at the Springfields factory in Lancashire, worth about £100m.

The group has a 10-year capital investment programme to 1993-94 worth an estimated £3.5bn, nearly all of which will be spent with British industry, it says in its annual report.

The dominant item in this programme is the £1.2bn thermal oxide reprocessing plant (Thorp) at Sellafield, which will process the imported spent fuel. Construction of the fuel reprocessing facilities for Thorp has begun, and work on the main plant will start next year, said Mr Con Alday, BNF chairman.

Radioactive waste management facilities, mostly at Sellafield, will account for a further £900m, of which about £200m is committed to the French-developed vitrification process for solidifying the highly radioactive effluent from reprocessing.

A further £100m is earmarked for new vessels and fuel casks for the transport of spent nuclear fuel. In addition, BNF plans to spend about £600m expanding its gas centrifuge capacity for uranium enrichment at Capenhurst. It has just begun to manufacture a more advanced centrifuge, with four times the output of its original production machines.

The company is also spending about £150m on nuclear fuel manufacturing, facilities at the Springfields factory.

Rivals to link up for missile contract

By Bridget Bloom, Defence Correspondent

BRITISH Aerospace Dynamics Group and Lucas Aerospace, after more than a year of intense competition to supply the UK Defence Ministry with new anti-radar missiles, have agreed to combine to produce the weapons for the Royal Air Force.

BAe has now signed a £200m to £300m contract to produce some 750 air-launched anti-radar missiles (Alarm) for the RAF by 1987. It has appointed Lucas as one of its main sub-contractors.

BAe Dynamics won the battle to supply the new missiles at the end of July. Mr Michael Heseltine, the Defence Secretary, announced then that "subject to the satisfactory completion of contract negotiations" the Government would buy the British Alarm rather than the US-developed high-speed anti-radar missiles (Harm).

Mr Heseltine made it clear at the time that the principal reasons for choosing the British weapon were that key technology would be retained in the UK and 3,000 jobs would be maintained.

Contract negotiations were finalised on August 15.

Managers fault their own performance

By ARNOLD KRANSDORFF

MANY EXECUTIVES blame themselves for British industry's failure to cope effectively with recession, according to a study published yesterday.

A research group linked with the British Institute of Management says many of those surveyed criticise the way they - and particularly their chairmen and non-executive directors - have reacted to the difficulties of the past couple of years.

They accuse themselves of reacting to events instead of taking a longer-term view of their companies' health and prospects.

This frank admission of failure

emerges in a report prepared for Management Research Groups, a long-established research and discussion forum for top management. The authors canvassed the views of more than 200 senior managers, mainly at director level.

The respondents did not include chairmen or non-executives - the target of some of the criticism.

"Past performance of very many companies is acknowledged to have been, with hindsight, well below what was possible," says the report. "The fact that much has been done to raise

performance in the last two to three years is both a cause for satisfaction and a measure of past inadequacies."

The report says that many top managers recognise the failure of some directors to set high standards of performance.

"There is a strong view that if boards of directors are ultimately responsible for company performance, then a close examination of their own performance is needed," it adds. "Underlying this is the apparent weakness in the realisation of the roles of company chairmen and non-executive directors."

The report points out that weaknesses at board level have included an inability to find a long-term solution to the industrial relations problems that have bedevilled much of British industry.

"The fear is that the trades unions will revert to previous attitudes, as will management, once there is an upturn in economic activity."

Management Performance and the Board, MRC, Management House, Cottingham Road, Corby, Northants NN17 1TT. £2 plus postage.

Convertible Escort on way from Ford

By John Griffiths

FORD is joining the increasing number of European manufacturers offering open "cabriolet" versions of their medium hatchback models. The Escort Cabriolet will go into production next month and be on sale in the UK by the end of the year.

It will be built by Karmann, the specialist coachwork company based at Osnabrück, West Germany, which also makes convertible versions of the Volkswagen Golf and VW's Scirocco coupe model. Ford expects to sell 2,000 in the UK next year.

Ford is also known to be considering putting into production a similar model based on the Sierra.

At the same time, Vauxhall is expected soon to decide whether to proceed with limited production of a convertible Cavalier - an example of which has already been seen at several motor shows. This car was designed and built by Robert Jarrel Design of the UK. If production does go ahead, it is expected that Vauxhall will commission Jarrel to build the car on a sub-contract basis, at least initially, rather than commit it to the production lines at its plant in Luton, Bedfordshire.

Carla Rapoport finds consequences ranging from building to brake lining

Asbestos rules will set pace for EEC

NEW recommendations from the UK's official Health and Safety Commission on asbestos are soon to catapult Britain into the lead among EEC countries on controlling the use of the substance.

The proposals, announced on Tuesday night, are that:

● The maximum amount of asbestos allowed in the air should be reduced. The limit for white asbestos, the most commonly used form - currently one fibre per millilitre of air - would be halved from next August.

● Import and use in manufacturing of brown and blue asbestos, and products containing them, should be banned.

● Stringent licensing regulations should be introduced for companies involved in asbestos removal. None covering this type of work exists at present.

Many industrialists fear, however, that despite these moves, a number of the problems associated with asbestos are likely to linger for years to come.

In general, the companies which make asbestos-based products, such as Turner & Newall and Cape Industries, are not discomfited. These companies have known for years that asbestos fibre is a hazardous substance which can lead to lung disease and, in rare instances, cancer.

As a result, they have already eliminated the use of the more dangerous blue and brown asbestos, sharply cut the amount of respirable fibre in their plants, and, at the same time, have been steadily reducing their proportion of asbestos-based products by developing asbestos substitutes.

In this context, the commission's recommendation to ban blue and brown asbestos imports is a non-issue. The reduction of respirable fibre in plants to 0.5 fibre/ml, compared to a one fibre/ml limit in the existing EEC directives, will be met in most cases without too much trouble.

The areas of concern which remain are twofold: Can the tough licensing regulations on independent contractors which the commission recommends be enforced and can asbestos ever be totally phased out? At the moment, the answer to both appears to be negative.

In a statement welcoming the Health and Safety Commission's recommendations yesterday, the National Federation of Building Trades implied that most of the new requirements were already met by the reputable operators. "The main risk in the building industry stems from cowboy operators who persistently flout safety precautions."

A federation executive said later: "If the cowboy operators want to cut corners at every opportunity when dealing with asbestos, they will continue to do so. I don't know if these changes can help that."

Mr David Llewellyn, a director of Cape Industries, pointed out that

Cape Contracts - a subsidiary which deals with asbestos stripping - is subject to regular inspections on safety precautions because of its prominent size and position in the industry. "It's difficult to find the small operators, let alone check them," he said.

On phasing out asbestos completely - a goal of most of the major asbestos firms in the industry - industry executives are still unsure that suitable alternatives can be found.

"A further tightening beyond 0.5 fibre/ml in the fibre limit," said Mr Llewellyn, "could effectively prevent brake lining manufacture, and we've got to have brake linings." Companies are looking into respiratory equipment which workers could wear while working with brake linings, but suitable equipment has not yet been found.

At the same time, substitute materials for brake linings are being tested and in some cases installed in new cars. But as Mr Harry Hardie, personnel director of Turner & Newall, said yesterday, "Older cars will have asbestos brake linings and these will need replacing. To put in new ones would mean redesigning brake assemblies. We can't do this for all cars. So it looks as if we'll have to make asbestos brake linings for at least 10 years if not more."

Mr Hardie also said that asbestos textiles, used in friction materials and insulation, and asbestos-cement pressure pipes, used in water distribution and sewage disposal, were currently without suitable substitutes. In T&N's other asbestos product areas, substitution currently ranges from 20 to 100 per cent of the product category.

Those within the industry will have a chance to discuss these and other problems in a new asbestos industry working group which will now report to the commission on a regular basis. This group will be made up of employers, trade union officials and members of the Health and Safety Executive.

One of the first tasks of this group will be to consider a report on the engineering equipment and innovation needed to control further the use of asbestos. This report, compiled by Mr Stephen Grant, an area director of the HSE, is to be published in the next few days.

The various topics to be pursued will be new exhaust ventilation equipment, the cleaning of plants, use of respirators and protective clothing. This group will also consider further reductions in the control limit beyond August 1, 1984, when the latest recommendations are to come into force.

The asbestos issue has been studied and reported on by government committees for more than 10 years. Yesterday, the commission stressed the importance of moving ahead rapidly with asbestos licensing regulations and has now agreed draft regulations for submission to the Government. Action is expected within the next few months.

Small airlines curbed

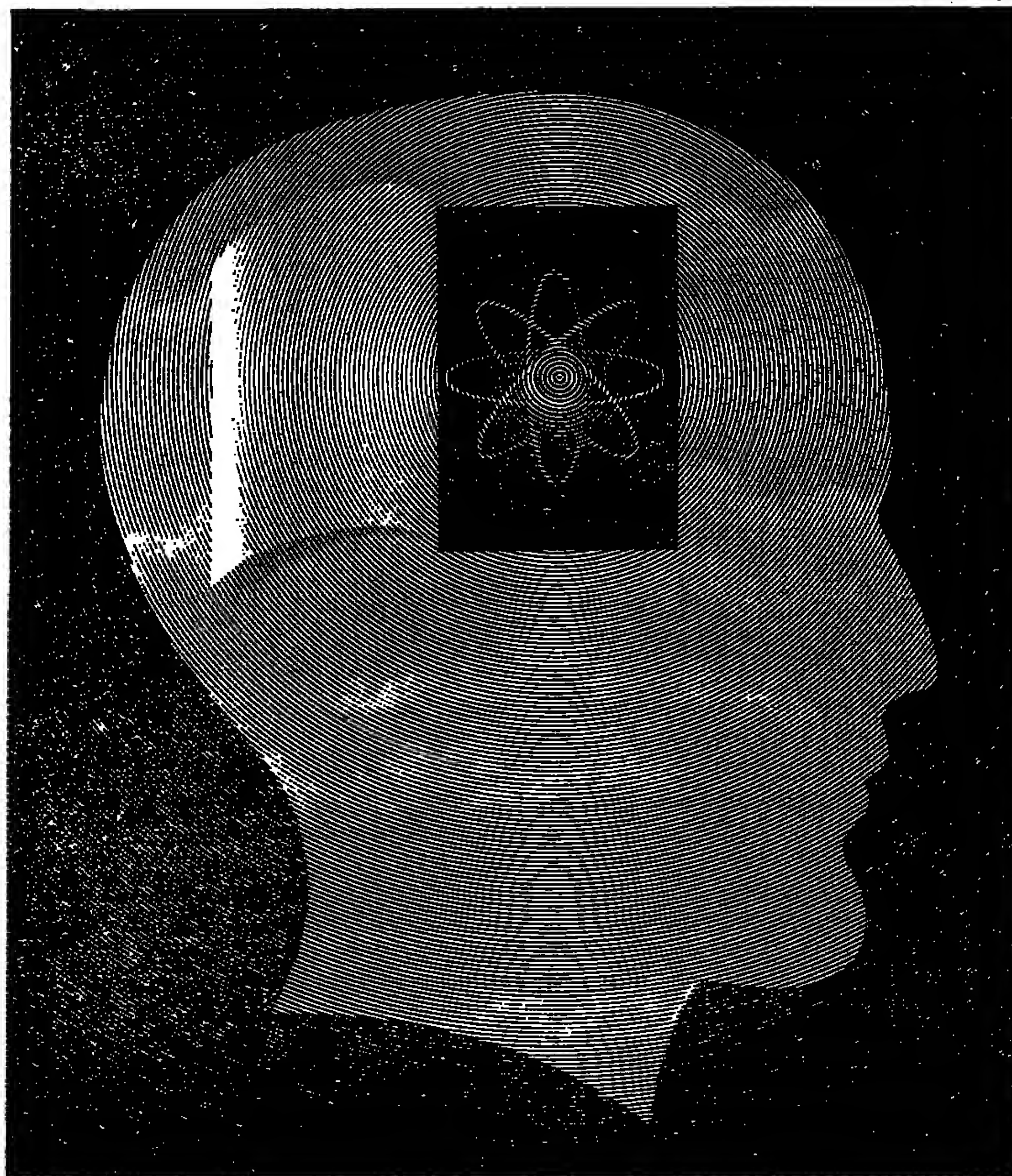
By LYNTON McLAIN

THE BRITISH Airports Authority is taking action to discourage small regional airlines from starting services to Heathrow Airport, London, despite Government policy to encourage competition and improve services on UK domestic routes.

One regional operator, Genair, of Humberside, has already had its plans for 10 years of unlimited flights from Blackpool to Heathrow turned down by the Civil Aviation Authority, the air transport licensing organisation.

This followed objections from the BAA and British Airways. Instead, Genair was granted a licence for only two years, with two daily return flights.

The BAA also plans to "make representations" about the recent applications by Jersey European Airways for a Jersey to Heathrow service with unlimited frequency and by Dan-Air for unrestricted services between Heathrow and Manchester, Aberdeen and Inverness.



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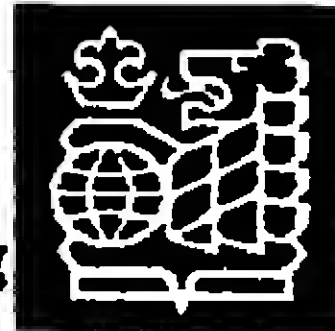
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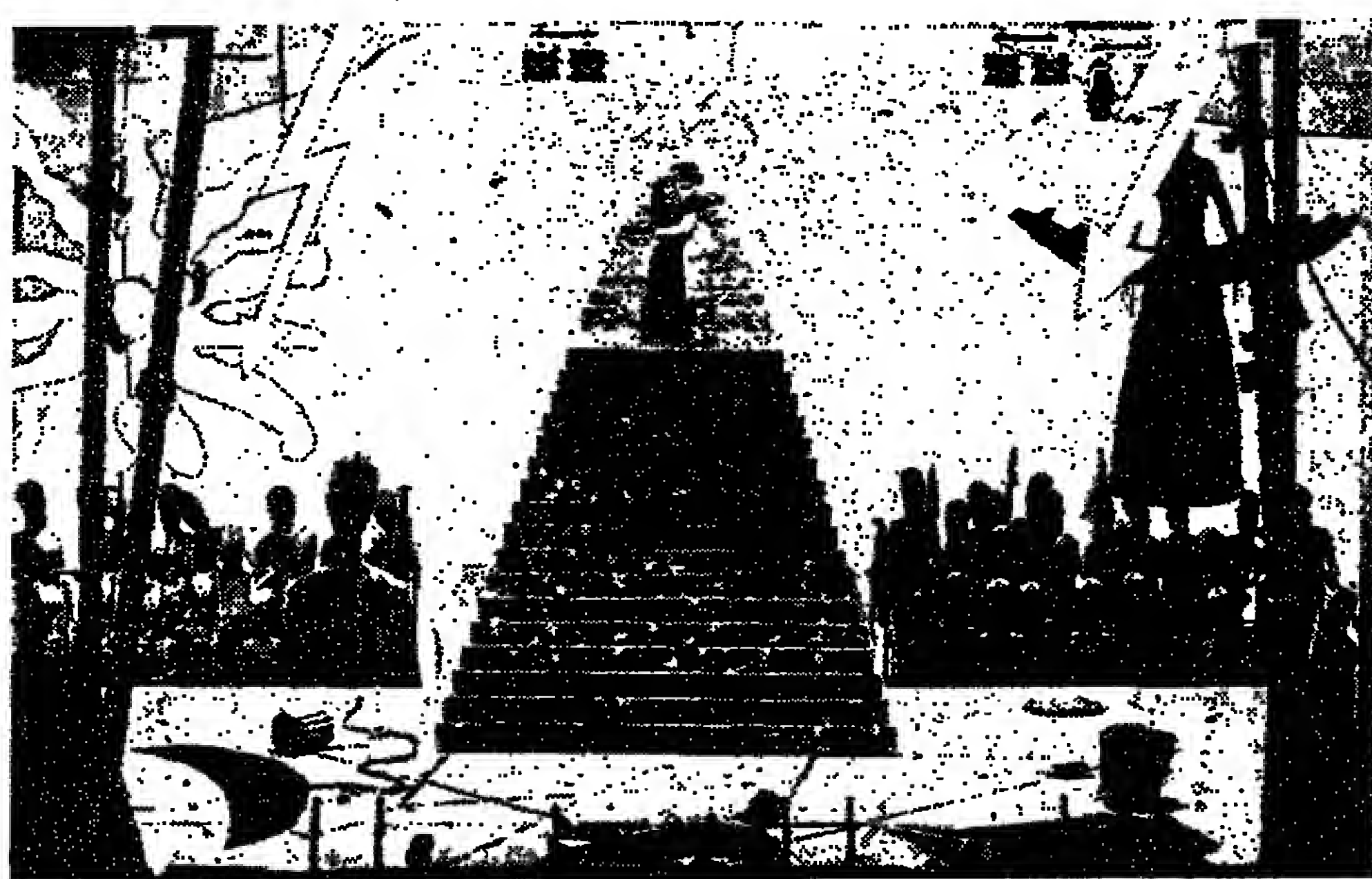
Edinburgh Festival 1983

Die Zauberflöte: an exercise in innocence

There are always parents determined to believe that Mozart's *The Magic Flute* even in a foreign language and running well over three hours is a good opera for children. At the Edinburgh Festival, where the Hamburg State Opera production opened on Tuesday (Hamburg's Zemlinsky operas have been staged in the King's Theatre) there were the usual signs of this popular illusion — which Freyer appears to share. His designs reveal tamely in the quality of an inconsequential infant imagination touched up with vaguely delinquent graffiti and the odd strip of carnival lights. His production neither subverts the opera nor enhances it, for it seems innocent of any guiding idea whatever.

Prince Tamino wears a little boy's baggy sailor-suit throughout, and at the end gets up and wanders off as if awakening from a baffling dream, while a stage double celebrates with Pamina. Papageno is a clown with a carrot nose and a single tail-feather. The priests have tall heads like marrows, without faces, and Sarastro is the same in super-scale, a huge immobile dummy with monstrous prehensile hands. (At least that made it easy for Robert Lloyd — in fine, authoritative voice — to replace the ailing Kurt Mohr on the first night, since the actual singer remains invisible.) The Queen of the Night is another elongated, nightmare-puppet with yards of witch's fingernails, but she is permitted to show her own face.

The modern embarrassment about Monod's being killed and black is resolved by making him blue, and his gang are fat blue Morpheus, plainly quite harmless (so the moment when Papageno evades capture by misgiving them off with his



Hamburg State Opera's production of the Mozart opera

bells lacked its customary thrill). Much the most pleasing invention are the animals, including a row of lip-licking lions to discourage Papageno from lingering over his dinner. But the whole show looks sparse and witty, with the stage movement so indecisive — there are many hiatuses — as to dampen the usually surefire jokes.

In the pit, or rather perched above it (the high stage-platform evidently makes conductor-singer rapport very awkward), Christoph von Dohnányi seemed scarcely more decisive about how to treat the score. There were numbers, including the

overture, in which his characteristic fresh imagination struck gold, but the grave and sublime passages — most of the scene with the Armed Men, for example — were hurried, uncommitted. The Masonic music was taken up-tempo, perhaps to match the lightweight staging, though the last priestly chorus was unexpectedly powerful (the Hamburg men sound much stronger than the women).

Under the circumstances a stylish team of solo singers was urgently needed, and we only partly got that. As Pamina Helen Donath looked thoroughly bemused but game, and she offered a lovely "Ach, ich fühl's" — during which Rüdiger

Woblers' Tamino was irritatingly made to copy her gestures. Woblers mostly sounded bright (there were frayed patches of tone) and looked hangdog. Coping bravely with his carrot, Mikael Melbye was a sympathetic Papageno; his Papageno seemed sadly out of voice. Carla del Re made a fiery star-blasting Queen, tolerably accurate, and the sound speaker and Monodists were Franz Ferdinand Nentwig and Norbert Orth. Three excellent boys from the Tölzer Choir were the Knaben, got up as if for impromptu charades.

Earlier in the day at the

Queen's Hall, the Delmé Quartet filled in for the missing Melos, retaining the announced programme. Far from seeming anxious about the assignment, they were all too relaxed: inelegant scoops and negligently uneven pizzicati marred Debussy's quartet, inducing me to see their Ravel.

For André Caplet's comic "fantastique" on Poe's *Masque of the Red Death*, however, curious to hear whether it might seem a better piece than it did in a very swift, fresh Ensemble performance last year. Despite forceful strumming by the guest harpist John Marston, it didn't. The literary idea is roughly three times as interesting as the music, which barely rises to a *casse macabre*.

Yesterday's morning recital brought together the soprano Barbara Hendricks and that fine, under-recognised Finnish pianist Ralf Gothofon. Miss Hendricks was her familiar sweet self, natural and unforced. Poulenc's children's cycle *La courbe paille* suited her perfectly, though her French was as unstable as in Debussy's *Baudelaire* cycle, which was delightfully felt all the same. Schubert and Wolf songs, mostly on Goethe texts, went very well (she must stop singing, I mean, ending in an "un"); she sang Schubert's "Ganymed" prettily, and later delivered Wolf's glowing, insinuating version with real maturity.

Gothofon gave marvellous support, particularly in shaping the longer songs. His Wolf was masterly, and to the Baudelaire songs he brought not only iridescent tints but a dandyish elegance that suited texts and music alike. I wish we heard him more often.

DAVID MURRAY

Three Choirs Festival/Gloucester

Andrew Clements

The Three Choirs is the most venerable of festivals. That is both a virtue and a vice: virtuous in that it preserves and celebrates a tradition of choral music that otherwise might vanish through neglect; less desirable in its inevitable conservatism, which encourages complacency and deadens programming.

Attending one of this year's concerts in Gloucester Cathedral was a curious, vaguely unsettling experience. So little seems to change; the faces are familiar from the concerts I went to as a schoolboy 15 years ago, audiences are still near capacity, the style of singing full-blooded and vigorous. Musically there are some innovations. There is no obligatory performance of Elgar's *Salve Regina* and this year at least less Elgar than was once the norm. Yet Vaughan Williams is as popular as ever — Job and the Sea Symphony are included — and Elgar seems to have come back into fashion. Once not too long ago, I am sure *Carmen* *Burana* would have been barred from the cathedral; now it is scheduled to close the festival.

Signs of new life can be found also in the proliferation of events away from the cathedral centre: Prinknash Abbey has become established as a good location for morning chamber music and there is a healthy sprinkling of fringe concerts in halls and churches around the city.

Yet where new music is concerned, the Three Choirs moves slowly and cautiously. The experiment of three years ago when a morning recital in Gloucester was given over to contemporary vocal music has not been repeated, and the festival commissions this time could not be described as adventurous.

There has been a symphony from Elis Pekkunen and a choral piece from Richard Sheppard, both are local composers. Charles Camilleri's organ concerto was given its first performance on Sunday by John Scott and the Royal Philharmonic Orchestra under Charles Groves. On Monday came the major choral event of the week, the premiere of Paul Patterson's *Mass of the Sea*, with the three choirs, the RPO and soloists Janet Price, Mary King, Kenneth Bowen and Christopher Keyte conducted by John Sanders, the organist of Gloucester Cathedral and hence this year's "home" conductor.

Patterson's mass is an adroit, highly effective piece which was enthusiastically received. The libretto was written by Tim Rose Price, and it interweaves the ordinary of the mass with a sequence of texts drawn from the Bible that are linked by references to the sea. We begin with the Creation, pass through the Flood, jump abruptly to Christ walking on the Sea of

Galilee and end with a short passage from Revelation: "For the first heaven and the first earth were passed away; and there was no more sea." These episodes are dispersed between sections of the mass, acting as elliptical commentary and dramatic frame.

The basic premise of the mass seems to me tenuous, but from it Patterson has contrived some colourful if derivative choral writing. There are echoes of the latter-day English choral tradition, nods towards Britten (especially) and Walton (particularly in the *Salve Regina* episode) and Tippett, and some less sharply characterised sections, predominantly slow, that derive from the *Ave Maria* *stella* plainsong motive that underpins the entire work. Patterson has chosen his models with care, certainly it must be great fun to sing. I still harbour the suspicion that choral societies are never happier than when making lots of noise reinforced by heavy orchestral brass. Patterson sometimes indulges them shamelessly.

Disappointment though the constraints Patterson could not have written something less conventional, less obviously "safe". He has however come up with a 40-minute work that will travel well and ought to garner plenty of performances from ambitious choirs, and that is no mean achievement.

Mozartiana/Covent Garden

Clement Crisp

After a summer of choreographic indignities — the plagues in Egypt were as nothing compared with the catalogue of dance misfortunes inflicted by the Houston Ballet, the Boston Ballet, the Gulbenkian Ballet, and not less than three different stagings of Kylian's crass *Symphony in D* to numb the senses — balletic truth and beauty are once more on view, thanks to the New York City Ballet.

Tuesday night's programme opened with Balanchine's sublime *Mozartiana*. Made for the Chalkovsky Festival in New York two summers ago, this is Balanchine's fourth version of the score, and his last major work. Its forces and its form are deceptively simple. A ballerina and her cavalier — Suzanne Farrell and John Anderson — with four female soloists, a Molièresque valet (well danced by Jock Soto) and four little girl ballet students, are the cast.

The theme, if any, seems to be the realisation of dance per-

fection in the performance of Miss Farrell and her partner, and it would be hard to imagine a more witty, allusive portrait of a great dancer, or a more witty, allusive and prodigiously warm work that irradiates the role than Miss Farrell's.

Or indeed, in the dancing of Mr Anderson, a more witty, allusive and prodigious display of allegro bravura. But the ballet is ultimately Suzanne Farrell's, and she danced and played with the choreography, pointing its rhythmic and dynamic subtleties with consummate art, we knew that for its span she was the greatest dancer in the world. (*Mozartiana*, incidentally, is at its very best within the modern age, and it needs no further comment from me save to note that the company performance, led by Lisa Hess, Lourdes Lopez and Heather Watts, Jean-Pierre Frohlich, Bart Cook and Joseph Duell, was electric and magnificent. I do not recall a New York City Ballet ever richer in talent than it is now, or more powerful as an advocate for the classic dance as an art of the 20th century.

Another happy reminder of the 1981 Chalkovsky Festival came with Jerome Robbins' *Along Came a Series of Events*. This is a joyful suite of dances to a selection of piano solos (Jerry Zimmerman, his fine advocate) for seven soloists and a corps de ballet. I reported with pleasure on its

creation, and Tuesday's performance was again lustroously good. Mr Anderson was mercurially brilliant; Kyra Nichols displayed flawless technique, and a generosity and poetic warmth that irradiates the dances like a bright, potent lyric. Superlative dancers, irresistible dances.

And to close the evening *Symphony in Three Movements*. Stravinsky and Balanchine speak with one voice in this masterpiece, and it needs no further comment from me save to note that the company performance, led by Lisa Hess, Lourdes Lopez and Heather Watts, Jean-Pierre Frohlich, Bart Cook and Joseph Duell, was electric and magnificent. I do not recall a New York City Ballet ever richer in talent than it is now, or more powerful as an advocate for the classic dance as an art of the 20th century.

South Bank Summer Music

Andrew Clements

Tuesday night's Summer Music presented a delectable three-layer event which includes two novelties. Original to the evening had promised the first performance of Oliver Knussen's *Märchen* for cello and chamber orchestra, but that was not to be. Instead we heard another new, or nearly new, Knussen work, the London Sinfonietta, *Chariot*, carries the subtitle "An Austrian journal for orchestra," and grew out of some incidental music Gruber wrote in 1979, in which he borrowed a motif from the *Perpetuum Mobile* by Johann Strauss the younger. In the orchestral work the motif throws out a bundle of proliferating melodic lines, refracted through a variety of keys.

It symbolises, says the composer, "that officially muted mask of *Gemüthlichkeit*" which Austria has learnt to hide behind. The tensions Gruber implies well to the surface in an episode that plunges into a very different, expressionistic Vienna world; but charm prevails and the result is a fast-moving kaleidoscope for a slick chamber orchestra, a witty curtain raiser that the Sinfonietta will want to repeat.

Knussen's *Music for a Puppet Court* proved to be a new set of reworkings of arrangements he made in 1972 of two puzzle canons by the 16th-century English composer John Lloyd. Knussen has disposed them over two antiphonal chamber orchestras each of which centres on a kind of concertante group:

celesta, guitar and two flutes in one, harp and two clarinets in the other. The rest of each orchestra then amplifies or echoes music emanating from its own "nucleus".

The first and fourth of the movements present the canons relatively "straight"; the central pair strike off at tangents. The score bears a dedication to Peter Maxwell Davies, and Davies's own transcriptions of medieval and Tudor music are clearly an influence here. The sound world is, however, very much Knussen's own: glittering fugitive fragments of melody that whizz by at high speed, an ever-changing web of instrumental colours. *Music for a Puppet Court* demonstrates its composer's abilities on a tiny but hugely impressive canvas.

Space only for brief sketches of the rest of the evening, which ended with a coolly beautiful account of Ravel's *Mother Goose*, the complete ballet rather than the suite. "Cool" is also the best epithet for the pair of concertos in the centre of the programme: Emmanuel Chabrier's *Concerto for Piano and Orchestra* K.453 was not helped by a brittle instrumental sound, while Young Uk Kim's seemed accurate but emotionally uninvolved in Berg's violin concerto, in which the leanness of the Sinfonietta strings gave a fresh and revealing muscularity to the most sumptuous Bergian textures.

British Museum trustee re-appointed

Lord Gowers, Minister for the Arts, has re-appointed Lord Blake, to the board of trustees of the British Museum. His re-appointment is for five years.

The Killing of Mr Toad/King's Head

Martin Hoyle



Deborah Norton

Alastair Muir

Behawled, bemitted and barty, the old woman dreams and remembers: her husband's most famous creations crowd in, superimposed on reality, until Mole takes on KG's features and Toad emerges in the likeness of her son. Kenneth Grahame's widow recalls their marriage, their child and the boy's mysterious death from decapitation on a railway line.

The British secession springs from an introverted and decayed romanticism no less than the Viennese. Its poets are Barrie, Grahame and Kipling; its aim a retreat to eternal childhood, its methods a refusal to emerge entirely from what Grahame called the golden age. Heraldised by Lear and Carroll, they never succumbed completely to adulthood — both their strength and their tragedy. Bystanders could get excluded, or even hurt. "Dreams are the only dependable reality," says Grahame in David Golder's play, but "You can't share a dream... Dreams are private."

His son Alastair, half-blind, suffered the then insensate barbarity of public school (both Rugby and Eton), persistently failed exams at Oxford and died there, never succumbed completely to adulthood — both their strength and their tragedy. Bystanders could get excluded, or even hurt. "Dreams are the only dependable reality," says Grahame in David Golder's play, but "You can't share a dream... Dreams are private."

His mother, a late, spinsterish bride, nicknamed her husband "The Lion". The latter's boyish preoccupations — "seaweed, boats and company and such things" hardly fitted him for the secretaryship of the

Bank of England, and he retreated from his wife's reproaches ("I married a man, not a yacht club") into a private world where even his son could not follow.

Mr Gooderson puts the Grahames' marriage firmly in a cultural context: she knew Swinburne, Tennyson and Wilde, though the wooing was conducted, ominously, in baby-talk. The wretched Alastair was caught between dotingly ambitious mother and inadequate father. His death was probably suicide.

The pathetic story unfolds in a mixture of fact and fantasy, switching from past to present. Occasionally modern comment seems to intrude, and there is little point in adapting already

existing songs without the rhymes that conform to the original style; but nothing detracts from a haunting evening.

Rupert Graves's doomed boy moves by his unworldly charm, fulness (the writer never quite convinces that he really was Toad-like). Deborah Norton's modern, throwaway technique tends to undercut the stylisation of Peter Watson's production, but fascinatingly underlines the distance between parents and children and the frustrated love that can take fruitful or terrible forms. "Without such a listener there never would have been such a story" is small comfort, even if the story is *The Wind in the Willows*.

Günter Wand/Albert Hall

Max Loppert

The second of this Prom season's senior German conductors to exercise a benign influence on the BBC Symphony was the orchestra's chief guest, Günter Wand. The programme of Tuesday's concert was perhaps not ideally calculated to take advantage of his special gifts — a first half composed of the Mozart *Posthorn* Serenade is, on a humid summer evening, an excuse for inattention that not even this light-hearted account could wholly counter.

The audience enjoyed the good joke of the posthorn solo, and the wind-consort charms of earlier movements had been most delicately touched in; but there is a lot of euphonious form-writing to get through as well.

In the Brahms First Symphony, however it became clear that Mr Wand has won the

orchestra's confidence and that his grasp of symphonic argument exerts a precise authority. The music did not flow with the natural lyrical radiance that had marked Rafael Kubelick's unforgettable Brahms symphony performances with the LSO in June; but the peculiar gain of the work's opening and its troubled restless spirit were rendered in playing of effortlessly exact and idiomatic balance.

There was indeed a sense of rightness about the whole reading; even when might be called "single quick" — the conductor's habit in the main body of the final *Allegro* of suddenly putting on speed where the score calls only for *animato* — made its own kind of sense in the actual experience. The BBC Symphony sounded like a Brahms orchestra: praise indeed and of an unfamiliar kind.

'Birds of Passage' at Hampstead

Birds of Passage, a new play by Hanif Kureishi, will open at Hampstead Theatre on Thursday September 15th and runs from Thursday September 8.

In the cast are Jean Boht, Rowena Cooper, Joe Melia, Neil Pearson, Raad Rawi, Belinda Sinclair and Roger Sloman. The play, designed by Howard Davis, directed by Sue Plummer with lighting by Gerry Jenkinson, is a comedy set in suburban South London on the edge of a large council estate and concerns a Pakistani student who goes to stay with an English family and his effect on them.

Young stays on with BBC

Jimmy Young, the Radio Two broadcaster, yesterday signed an exclusive three-year radio contract with the BBC.

Arts Guide

Exhibitions

Neapolitan Paintings from Caravaggio to Giordano. After London and Washington, the present version of the exhibition stresses the diversity of the 17th century artistic scene in Naples, where Caravaggio's two successive stays enriched and transformed the pictorial vision of the time. Grand Palais, Closed Tue. Ends Aug 28 (2615410).

Murillo in the Museums of France. In one of its excellent didactic exhibitions the Louvre has assembled, to mark the 300th anniversary of the artist's death, his paintings and drawings — among them the Young Beggar — from French public collections. Plans, photographs and engravings help us to situate the Sevillian artist in the context of his times. Closed Tue, ends October 24th. Louvre, Pavillon de Flore (2603926). Magritte and the Advertisers. An exhibition which could also be called "la machine à vapeur" because — apart from some of Magritte's own creations — so many of the posters show how advertising designers adopted the Belgian surrealist's symbolic yet simple pictorial language. Musée de l'Affiche et de la Publicité, 18 rue du Paradis. 12 am to 8 pm, closed Tue, ends Sept 11.

WEST GERMANY

Hildesheim, Römer- und Pelzeus-Museum, am Steine. The only German venue of Art Treasures from

Ancient Nigeria with 100 exhibits bearing witness to the oldest African culture from 500 BC to 1900 AD. Ends Oct 23.

Heidelberg, Heidelberger Schloss, Ostbühnenbau: Egypt Through 5,000 Years has 305 statues, reliefs and vessels found in burial sites and temples giving an insight into the cultural and religious life of the people on the Nile. Ends Aug 28.

Brunswick, Kunstmuseum, 12 Leinpfad: Paintings, drawings, sculpture and objects by some of West Germany's most renowned artists professors — among them Christian Mochus and Ben Willkens. Ends Aug 28.

Hamburg, Intervisio, 38 Eppendorfer Weg: From Hamburg — among them Horst Janssen, Franz Erhard Walther and Paul Wunderlich — are showing 86 drawings from the last three years. Ends Aug 28.

Frankfurt, Kunstverein, 44 Markt: The first big exhibition of Markus Ritz with roughly 100 installations and drawings by the Swiss painter and object artist. Ends Sept 23.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: The "Great Arts Exhibition — Munich 1983" has paintings, sculptures and graphics from the last two years by 500 artists living in West Germany. Ends Sept 18.

Nuremberg, Germanisches Nationalmuseum, 1 Kornmarkt: A documentation with 600 pictures and sculptures at the occasion of Martin Luther, the great reformer's 500th birthday. Ends Sept 25.

August 19-25

ITALY

Venice, Cantieri Navali all a Giudecca. Works by Burri. Ends Sept 30.

NEW YORK

Henry Moore (Metropolitan Museum of Art): The first major retrospective in America for nearly 40 years includes drawing, carving in wood and stone as well as sculptures large and small in one of the high points of the British Salutes New York celebration. Ends Sept 25th.

WASHINGTON

National Gallery: With the recent death of American art patron, John Hay Whitney, his outstanding collection of French impressionists and their successors is on view before dispersal to various museums. Ends October 2.

HOLLAND

Stedelijk Museum, Amsterdam: Modern art from the impressionists of today until the end of the month. There is a similar exhibition at the Boymans Museum, Rotterdam, until September 18.

Allied Pierson Museum, Amsterdam: Artistic fakes, including paintings, sculpture and porcelain, brought together by students, with examples of a number of expert forgeries which made their manufacturers considerable sums of money.

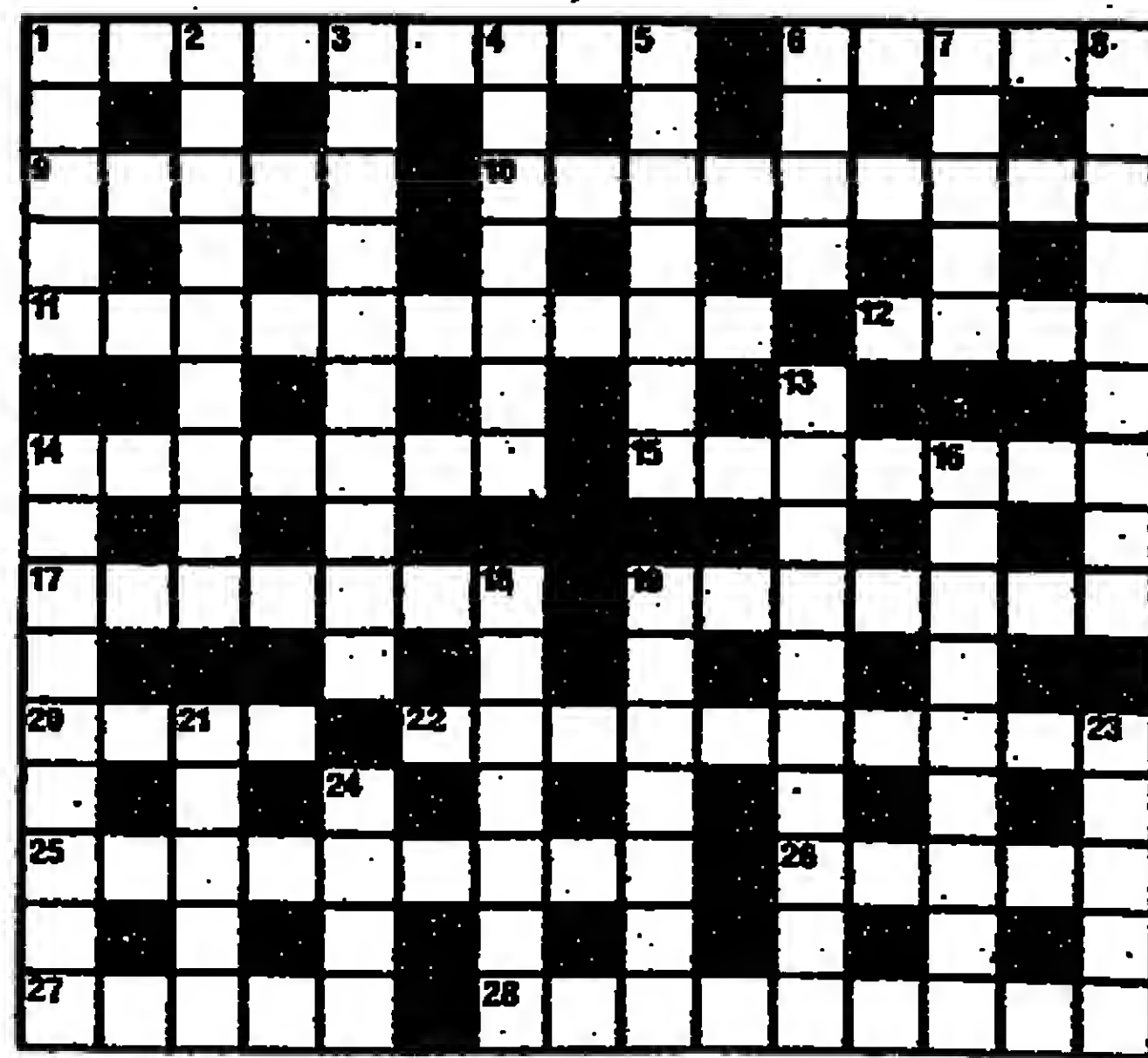
F.T. CROSSWORD PUZZLE No. 5,200

ACROSS

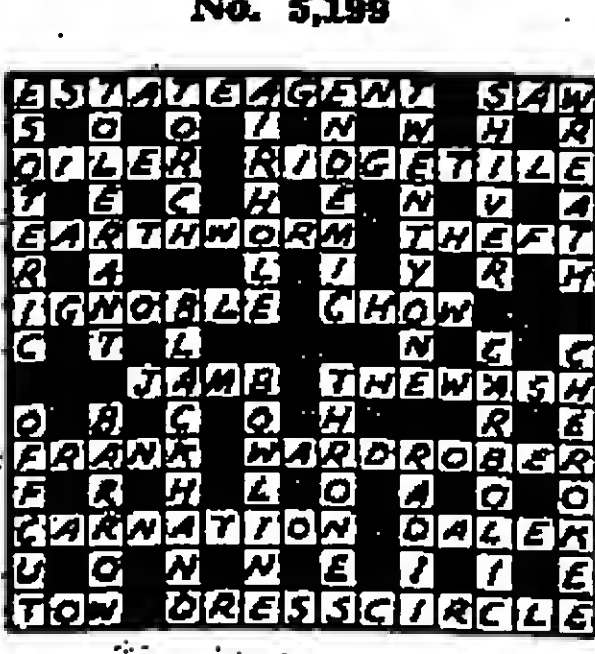
- The wife a sweet girl? She's wooden, but her joints are a speciality (5, 4).
- Fathom, it is true (5)
- Molto più mosso? Something in that, but you would not be if you take it (5)
- Dad, losing tail, could be dead, stupid! (3-6)
- With the disposition of the pig, can't (10)
- Elux for Denny. La Rue? (4)
- Fast bowler goes to court covered in cooking fat (7)
- Table centre made by Peg and Rene (7)
- Maximum speed at sea? Could be a bit hairy! (3-4)
- 20 Design for card, directions included: bring about a flower (7, 4)
- Towards mine, possibly, and towards mouth (10)
- Stray piece of foliage in a notebook (5-4)
- God's blood! What has got into the hampshire? (5)
- Could be a bit hairy! (3-4)
- 27 Youth Hostel put girl in trouble — honestly! (8)

DOWN

- Doctor on round has work to decline (5)
- Stumble upon legal case: it should rest a vessel (5, 4)
- One's own flour could be an advantage at sport (4, 6)
- Casual worker not working? (3-4)
- I let cat out of window (7)
- Look like Tom? (4)



SOLUTION TO PUZZLE No. 5,199



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AGRICULTURAL TRADE

Why the Americans are furious with Europe

By John Edwards in London and Nancy Dunne in Washington

A CRITICAL stage has been reached in the looming agricultural trade war between the U.S. and the European Community. In theory the EEC Commission's recent proposals to reform the Common Agricultural Policy should have helped cool the situation.

In a preamble to the plan the Commission repeated much of what the Americans have been saying should be done: that agriculture should accept market disciplines like any other industry and the accent should be placed more and more on production at competitive prices.

But the plan has incensed the Americans who have lodged a formal protest against the plan with the Commission.

The U.S. is infuriated by the Commission's proposals, as part of the reform package, to introduce a tax on consumption of edible oils and fats, other than butter, and put limits on imports of maize gluten feed.

This is viewed in Washington as a further blow aimed at cutting U.S. exports to Europe and indirectly making the American farmer pay even more towards the cost of supporting EEC agriculture.

"There is nothing else the Community could do to prompt a stronger U.S. response," the U.S. Department of Agriculture said in Washington recently.

Already the Administration has backed complaints to Gatt (the General Agreement on Tariffs and Trade) about the EEC behaviour over sugar, pasta, raisins and canned fruit.

The Community in its turn has complained about the U.S. sale of subsidised flour, and more recently dairy products, to Egypt.

However, with the talks between the Community and the EEC on avoiding an all-out farm trade war making very slow progress, the Administration is coming under strong pressure to take much more positive action.

With a presidential election year looming, the crucial farm vote cannot be ignored. But Mr John Block, the U.S. Secretary for Agriculture, appears to be in deep trouble.

When I recently visited farms and agricultural organisations in the U.S. it soon became apparent that there is a great deal of confusion and misunderstanding about the EEC farm policy. But the American farmer has the gut feeling that somehow he is losing out badly and is fighting unfair competition.

Forget the U.S. agriculture receives massive financial support from the Government. Forget that the American dairy and sugar industries are bolstered by the similar kind of generous support lavished on their European counterparts. Or that meat imports are restricted by quotas.

The American farmer fervently believes in the free market philosophy, where everyone is supposed to compete on equal terms and the most efficient producer wins the day.

In most cases the U.S. farmer is the most efficient producer. For a start there is the sheer size of the American farms which dwarf anything that can be seen in Europe. Farms are not split up into small separately owned plots, as is so common in Europe.

In Montana, one of the big ranches covers 80,000 acres and the owner talks casually of his neighbour 100 miles away down the road. Over the past decade the number of farms in the U.S. has fallen

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In Montana, one of the big ranches covers 80,000 acres and the owner talks casually of his neighbour 100 miles away down the road. Over the past decade the number of farms in the U.S. has fallen

to below 2m compared with some 8m in the Community. Alternatively, the smaller farms are very highly mechanised and capital intensive, often with their own storage facilities and heavy use of fertilisers and crop protection chemicals to boost yields. They sell their produce to farmer-owned co-operatives, who have highly efficient processing plants, backed up by aggressive marketing services to promote sales in both the domestic and export markets. The U.S. farmer is not a humble peasant. In most cases he is a highly market-orientated individual, who bitterly resents finding himself shut out of

Gut feeling down on the farm

markets. The basic problem is that the huge expansion of U.S. agriculture during the 1960s and 1970s, as a result of support policies not dissimilar to the present EEC common agricultural system, has made an increasing number of American farmers dependent on export markets. It is estimated that one out of every three acres planted is devoted to international trade.

The farmer was encouraged to believe that he was helping to feed the world and that with a large proportion of the world population at starvation level there would always be a ready market for his produce. Unfortunately this

country agrees to phase out its subsidies. The seemingly endless negotiations between the U.S. and the Community, designed to cool the situation down, have so far produced little ammunition for Mr Block to fire back at his critics. According to Mr Block, the EEC has co-operated already in agreeing to stockpile more surplus grain and he is hopeful some deal may be worked out on dairy products, whereby both sides would agree not to indulge in cut-price sales.

A working group has been formed to define and clarify Gatt rules governing subsidies and other forms of export assistance. But the latest threat against U.S. products in the reform plan for the Common Agricultural Policy may well undo all the progress made.

The reduced harvests in the U.S. and Europe this year may well relieve some of the pressure in the grain sector. However, the Administration needs to obtain some solid

manager of the American Soybean Association, "could cripple the Community overnight."

U.S. poultry and egg producers, who contend that the EEC has been stealing their markets in the Middle East through the use of subsidies, have generated wide support in the Congress as "the next best target in order to gain the attention of our trading partners."

Approval of the EEC proposals could well dislodge legislation awaiting action in Congress. One Bill would provide \$800m in the next two years to subsidise farm exports. Another requires the Government to sell a portion of its dairy surplus in the next three years with half the proceeds going for "export enhancement" programmes.

The Senate has already passed an amendment to the IMF Bill requiring the U.S. director to oppose loans to countries found to use predatory subsidy practices unless the borrowing

country agrees to phase out its subsidies.

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He noted that agriculture showed a favourable trade balance of nearly \$24bn in the 1982 fiscal year, helping to compensate for deficits in industrial trade.

But, he also noted, that government outlays are now nearly equal to net farm income. The Government could not afford to continue operating a farm programme with an incentive to over-produce. The Reagan Administration is keen to reduce support for agriculture, without, if possible, putting the important farm vote at risk. The suspicion is that it may well be using the EEC agricultural policy, with all its obvious absurdities, as the scapegoat for introducing some harsh measures.

JOHN EDWARDS

U.S. EXPORTS

(Maize and maize gluten feed) (Million metric tons)

	Maize	Gluten	Total
	Feed	Feed	
1972	7.096	0.692	7.788
1973	10.305	0.779	11.084
1974	9.547	0.700	10.247
1975	11.715	0.930	12.645
1976	15.783	1.347	17.130
1977	14.384	1.455	15.839
1978	10.621	1.694	12.315
1979	9.320	2.019	11.339
1980	9.150	2.589	11.739
1981	8.300	2.538	10.838
1982	5.375	2.560	7.935

(Jan-Nov)

What it does object to is the use of export subsidies to distort and disrupt world markets. If these continue, the U.S. claims it may be forced to retaliate—the cut price sale of flour and dairy products to Egypt are viewed as merely a warning shot across the bows.

Mr Block has been busy drumming up support from other countries to condemn the EEC export subsidy system. But it is an essential part of the Common Agricultural Policy and there is nothing in the proposed reform plan, even in its present form, to suggest any radical changes will be made in the system. The aim is to reduce the surpluses, but that seems unlikely to happen in practice. Both sides desperately want to avoid an escalation of the trade war.

The Common Agricultural Policy is teetering on the edge of bankruptcy and could easily be pushed over the brink. The Americans are financially harassed, too, and anxious for political reasons not to upset the Community. But pressures are building up in Congress and the plan to restrict U.S. agricultural exports still further to the EEC may well be the last straw.

ESTIMATES OF U.S. AGRICULTURAL SUPPORT

	1983	1984
FARMER ASSISTANCE PROGRAMMES		
Price support and related programmes, including FIK	24.0	17.2
Farm-related loans	4.4	4.1

Address given by Dr. Hans Friderichs, Chairman of the Board of Managing Directors, at the Annual Shareholders' Meeting of Dresdner Bank AG

Total operating profit rose by nearly 85 per cent in 1982. If, in addition to the good operating profit, loan loss provisions and extraordinary charges are taken into consideration, then profit before taxes amounted to DM 335 million.

The Board of Managing Directors and the Supervisory Board have decided to allocate DM 60 million of total profits to the free reserves, thus increasing the total net worth of the Bank to DM 3,365 million.

The Bank's total assets rose by 5 per cent to DM 83.6 billion.

Dresdner Bank's subsidiaries performed as successfully as the parent company. The Group's total business volume increased by 6 per cent to DM 180 billion; all members of the Group showed increased operating profit.

Again in 1982, the banks provided business worldwide with financial assistance in its export drive. Thus, it was possible for industry to gain a foothold in new markets or hold its own, often in the face of stiff international competition. Without this cooperation between industry, exporters, and financial institutions many of the successes achieved in international trade would not have been possible.

We very much approve of the establishment of the Washington-based Institute of International Finance, which will provide support by developing additional sources of information for international lending. The impetus for the founding of the Institute — which is currently being organized — came from a number of internationally active banks including Dresdner Bank.

The degree to which the recent improvement in the business climate will prove to be lasting is a matter of great concern to us all. We are watching to see whether a self-generating recovery is on the horizon.

At this point, there is no guaranty that there will be a sustained recovery. The information available to us

indicates that the outlook varies greatly from industry to industry. We cannot count on a strong growth in exports. We will only benefit marginally from the improved business climate in the United States; in other industrialized countries momentum is still lacking. And the potential export markets in the Third World and Eastern Europe could only be activated if adequate means of financing were to be made available.

The key to an international recovery lies in a return of confidence in economic, monetary, domestic, and foreign policies. Such confidence is quite obviously manifested by the recent trend of share prices and by the investors' more positive attitude toward shares in comparison to that in past years. For stock exchange listed corporations, the result is a significantly improved potential for obtaining new capital. This also has a positive impact on the light in which other companies are assessed and their potential for obtaining new capital, and thus has a significant effect on the economy as a whole.

Given this general situation, what then is the outlook for Dresdner Bank during the current year? So far, earnings have once again shown a considerable increase. In line with the positive general trend, especially in the stock market, profits from trading in our own security portfolio have also risen significantly.

However, it would be inappropriate to extrapolate performance for the full year by a simple process of multiplication of the favorable results achieved until now. All in all, we are confident concerning the earnings potential of Dresdner Bank. Operating profit should at least equal, if not surpass, the high level achieved in 1982. It is obvious that no commitment can be made by the Board of Managing Directors at this point in time concerning the level of the dividend for 1983. However, in light of current projections, the Board's goal of realizing a higher dividend for 1983 appears realistic.

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UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1975=100); retail sales value (1975=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Ind. prod.	Mfg. output	Eng. order	Retail sales	Unemp.	Vacs.
1982						
3rd qtr.	102.5	82.3	84	108.9	150.7	111
4th qtr.	102.3	87.4	89	110.7	154.5	115
December	102.1	87.7	88	112.3	155.9	118
1983						
1st qtr.	103.8	89.4	88	111.1	153.1	124
2nd qtr.	103.7	89.3	88	112.6	153.7	125
January	103.0	89.0	86	110.7	153.7	125
February	104.4	89.3	96	111.1	148.9	124
March	103.5	89.0	82	111.9	155.1	126
April	104.0	89.1	92	112.9	157.5	124
May	104.5	89.9	88	113.7	159.1	131
June	102.7	88.9	89	114.0	159.1	131
July				113.5	159.1	133

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s), monthly averages.

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mfg.	Textile Housg. etc.
1982						
3rd qtr.	91.4	91.2	122.6	86.3	78.5	71.4
4th qtr.	92.4	93.6	122.0	85.5	80.3	71.1
December	94.0	89.0	124.0	86.0	80.0	73.0
1983						
1st qtr.	92.1	91.0	122.3	86.1	75.3	71.7
2nd qtr.	92.4	91.0	122.3	86.1	75.3	71.7
January	92.0	91.0	123.0	86.0	75.0	72.0
February	92.0	91.0	127.0	87.0	74.0	71.0
March	92.0	91.0	125.0	86.0	73.0	70.0
April	92.0	90.0	126.0	85.0	73.0	71.0
May	94.0	90.0	127.0	87.0	75.0	73.0
June	93.0	90.0	123.0	86.0	75.0	72.0
July						

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms of trade	Resv. trade US\$bn*
1982							
3rd qtr.	125.1	122.7	+2.4	+976	+1,312	100.5	18.3
4th qtr.	124.4	122.9	+1.5	+1,790	+1,736	99.2	17.0
December	125.0	122.3	+2.7	+1,854	+1,692	99.7	17.0
1983							
1st qtr.	120.9	121.7	-0.8	+445	+1,764	98.4	17.24
2nd qtr.	121.3	122.3	-1.0	-39	+1,456	98.8	17.71
January	121.1	122.7	-1.6	-257	+1,456	98.8	16.85
February	120.3	124.2	-1.33	+82	+613	98.8	16.85
March	123.8	127.1	-3.34	+610	+622	98.0	17.24
April	124.7	122.5	+2.2	-110	+474	98.5	17.65
May	125.0	123.4	+1.6	-302	+410	100.0	17.92
June	122.7	121.5	+1.2	+373	+571	100.9	17.71
July							17.24

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (three months' growth at annual rate); HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M1 %	M3 %	Bank advances %	DCE %	BS inflow	HP lending	Base rate %
1982							
3rd qtr.	15.6	9.1	23.3	+4.738	1,796	2,396	10.50
4th qtr.	17.2	12.2	25.9	+4.523	2,132	2,548	10.12
November	14.6	12.0	25.4	+1,046	783	865	10.12
December	14.9	8.8	23.2	+730	490	874	10.13
1983							
1st qtr.	9.5	8.1	18.6	+4,456	1,174	2,579	10.50
2nd qtr.	15.3	14.6	15.0	+5,025	1,071	2,597	10.50
January	7.2	6.8	6.7	+1,099	391	879	11.00
February	10.6	7.8	13.1	-1,309	386	818	11.00
March	10.7	10.9	11.9	+2,048	433	818	10.50
April	12.1	13.7	13.8	+2,010	397	882	10.50
May	15.8	13.5	12.6	+1,071	319	885	10.00
June	18.1	16.5	18.5	+1,544	319	900	9.50
July	14.0	12.5	21.5	+776	739		9.50

INFLATION—Indices of earnings (Jan 1975=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1982=100); trade weighted value of sterling (1975=100).

	Earnings	Basic materials	Wholesale mfg.	RPI*	Foods	FT comdty.	Strig.
1982							
3rd qtr.	227.8	115.4	118.7	323.0	297.0	228.88	91.5
4th qtr.	231.3	119.4	120.1	325.4	298.5	238.84	91.1
December	232.8	122.3	120.6	325.5	300.1	238.84	85.4
1983							
1st qtr.	235.9	124.6	121.5	327.0	302.1	277.29	80.5
2nd qtr.	240.8	123.7	124.2	323.7	306.3	272.89	84.3
January	222.4	121.1	121.2	322.9	301.8	255.45	81.9
February	231.1	125.4	121.7	327.3	302.1	255.25	80.7
March	238.2	124.2	122.4	327.9	302.4	277.29	79.1
April	237.7	123.1	122.6	325.5	304.6	274.56	82.5
May	241.1	123.5	124.3	332.9	305.6	267.01	84.9
June	243.5	124.0	124.6	334.7	308.8	272.89	85.2
July		122.3	124.8	336.5	308.7	282.26	84.8

* Not seasonally adjusted.

INTERNATIONAL COMPANIES and FINANCE

Kenneth Gooding explains why U.S. automobile manufacturers are more optimistic about their long-term future

Detroit faces up to the technological challenge

"THE U.S. automobile industry has now lifted itself out of the longest and most damaging recession in its history. The industry is back in the black," says Ford's chairman Philip Caldwell.

That sums up sentiment in Detroit. But there is no mood of euphoria. Shell-shocked after three years of almost continuous bad news, the car manufacturers are concerned that the present boom could evaporate overnight.

Interest rates in the U.S. remain uncertain and any rise could have dire effects on consumer confidence and in turn on the car market.

Perhaps more importantly, some Americans are concerned about their motor industry's long-term future. Is the present apparent revival merely a temporary respite from the inevitable downward spiral?

Caldwell is foremost among the industry executives busily refuting such ideas. "The U.S. automobile industry is often included in the group of industries disparagingly labelled 'smokestack' or 'sunset industries,'" he says. "The implication is that the industry will decline because of its failure to enter the new technology era."

"Such thinking is at best a complete misreading, or worse still, a display of ignorance of what is occurring in America today."

Caldwell ticks off the evidence: The auto industry is the biggest user of industrial robots, the leader in computer-aided design, computer-aided manufacturing.

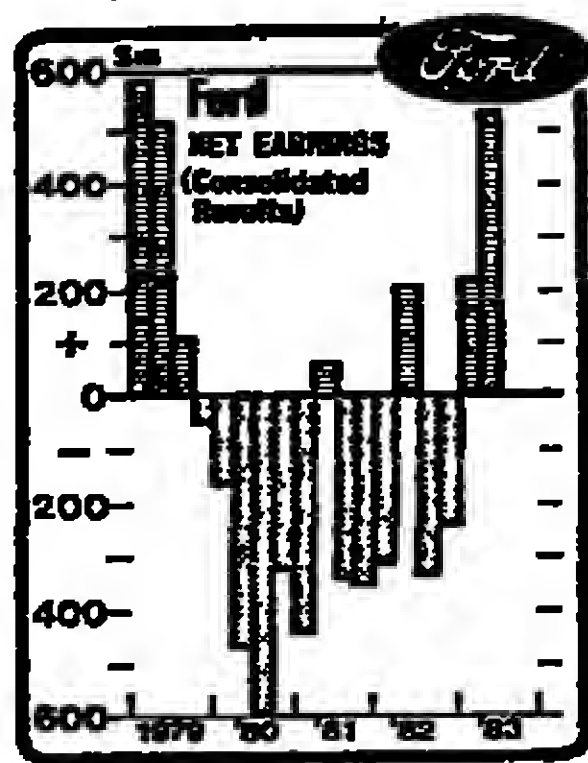
The "big four"—General Motors, Ford, Chrysler and American Motors—in the U.S. spent \$4.3bn on research and development in 1982 compared with \$2.5bn spent by the aerospace industry and \$1.4bn by the electronics industry.

"What industry leads in human relations and employee involvement? The automobile industry of course," Caldwell insists.

Ford has shifted from an "adversarial" approach to one of "partnership" under the terms of a wide-ranging deal with the union, the UAW, last year. According to Robert Lutz, a vice president, the results were immediate. "Absenteeism dropped from 5 to 2 per cent and quality has taken spectacular strides."

General Motors has shifted the employee-relations emphasis in a similar direction. Chairman Roger Smith claims: "The whole attitude in our plants has changed. People are proud of the quality and the cost improvements. We got people involved in the job."

Quality is a subjective thing; but the industry's productivity gains are measurable. According to the Bureau of Labour



There has been no shortage of sunny news for the industry to back in. To take a random selection:

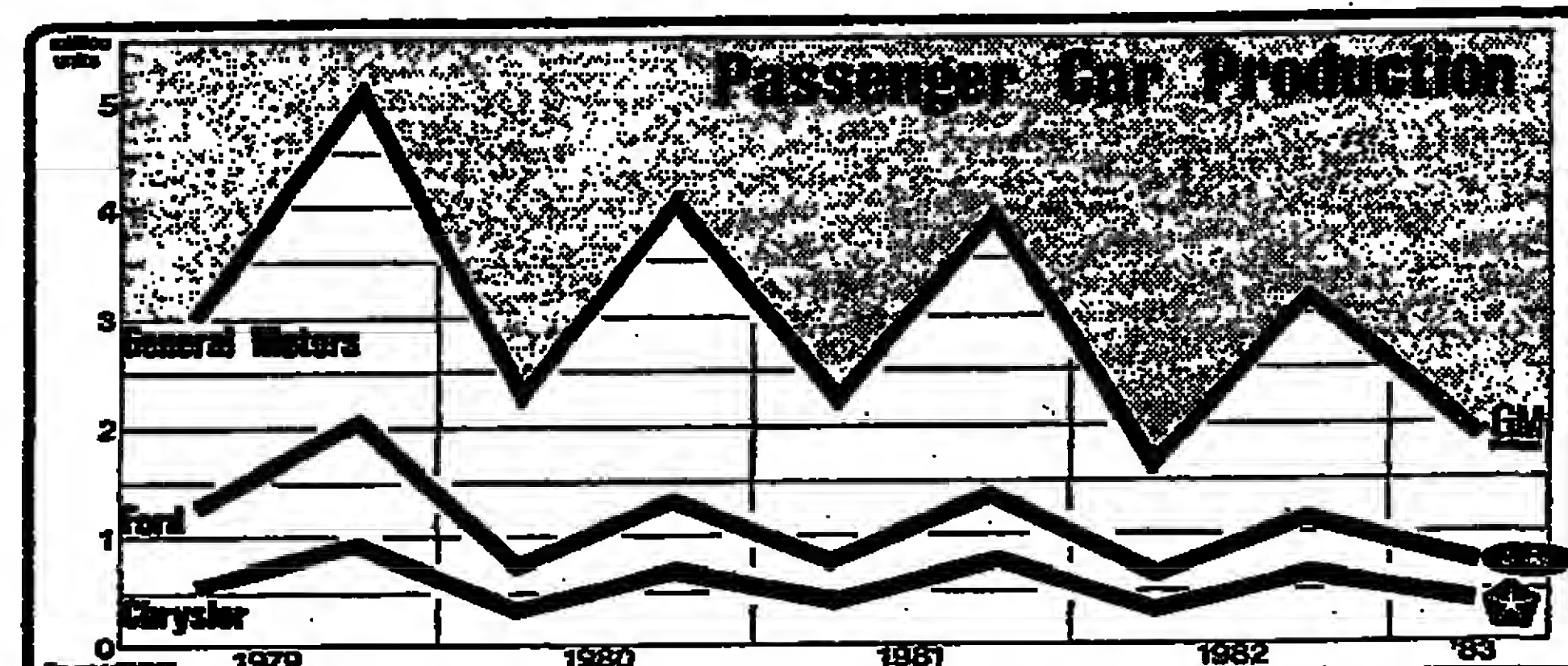
- In the second quarter of 1983 the "big three" (General Motors, Ford and Chrysler) earned a combined \$1.9bn, a record and up by 117 per cent from the \$872m for the same period last year.
- The total included \$310m from Chrysler—the group's best ever quarterly result. Chrysler said it will pay back the remaining \$800m of gov-

ernment-guaranteed debt and therefore get the Federal authorities off its corporate back.

- Ford announced it will start paying dividends again for the first time since 1981.
- The number of employees on indefinite lay off from the auto plants is at its lowest level since November 1981 at 190,209. In November 1981 the total was 181,469.
- At the end of July car sales were running at an

annual rate of 6.9m or up 23 per cent on the rate (5.6m) at the same time last year. Some commentators suggest sales will reach 9m to 9.2m this year against 7.75m in 1982.

- Even Volkswagen of America, the most recent arrival on the U.S. production scene and one that has suffered a traumatic decline in output—down 55 per cent to \$2.157 car last year—returned to profitability in the first half of 1983.



should produce 200,000 to 300,000 part-Japanese, part-American cars a year.

At Ford Walter Hayes, a vice-president, insists that "We think it would be quite wrong at this stage to surrender small car production to the Japanese. Certainly small cars are not profitable but Ford is not losing money on them."

GM's rivals are up in arms about the proposed deal with Toyota, Japan's largest automotive group, a deal which in the past they feel would almost

certainly have run foul of the U.S. stringent anti-monopoly legislation.

Ford and Chrysler at various official hearings have proposed joint venture have claimed it would be a clear violation of the anti-trust laws.

The UAW is very worried about "offshore" sourcing for the U.S. market, not only of cars but also of key components such as engines. GM Ford and Chrysler are all preparing their subsidiaries in Brazil and Mexico as major

suppliers to the U.S. and Renault recently announced it would build a new car engine plant in Mexico to supply American Motors' facilities in the States. Renault has a 46 per cent shareholding and management control of American Motors.

The UAW has sponsored a Bill which would limit the import content in U.S.-assembled vehicles. The Bill has been making relatively good progress through the tortuous U.S. legislative system.

It is by no means certain that the content Bill will be enacted, however, and in the meantime the Japanese are being constrained in the U.S. car market by a quota system which has held shipments at 1.68m a year since 1980.

Sparring over a continuation of quotas for a fourth year has already begun. Ford's Caldwell points out that if the Japanese wait until the last moment next spring they will run into the election period. "So it is highly desirable that the Japanese

should decide on a fourth-year quota soon."

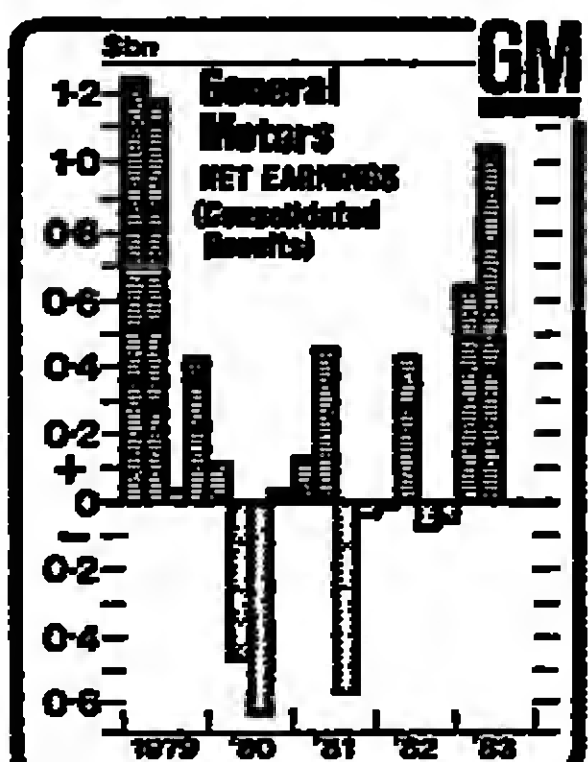
The Japanese are unlikely to be rushed by such tactics. If the car market continues to improve, the need for the quota—introduced in the first place to give the U.S. industry room to recover—will disappear.

However, although the present boom seems likely to produce record profits for the U.S. groups and possibly a record American new car market next year or in 1985, few forecasters expect car production to

return to the peak of 9m reached in 1978.

Imports now take nearly 30 per cent of the market against only 18 per cent in 1978 with the Japanese who account for nearly one quarter of total U.S. new-car sales.

Nobody in Detroit seems to believe that the Japanese penetration will be pushed back significantly, particularly now that GM is to contribute to the total with "capital" imports of cars from its Japanese associates.



resolved and even longer before any benefits will flow.

The union has already indicated that it wants to claw back some of the concessions it gave in the recession now that the industry's finances are in better shape.

The UAW reckons it saved the companies nearly \$4bn by giving up 3 per cent pay rises to 1984 and deferring cost of living increases for nine months as well as nine days holiday a year.

Another disturbing factor for companies looking at long-term planning is that nobody seems to have a very clear idea of the way the various car market segments—small, mid-sized and large—will develop.

The switch in favour of large cars is attributable to the fall in petrol prices. In the middle of last year large cars accounted for only 19 per cent of total new car sales, now they have 27 per cent. Over the same period the percentage of small cars, what the Americans call sub-compacts, has fallen from 53 to 33.

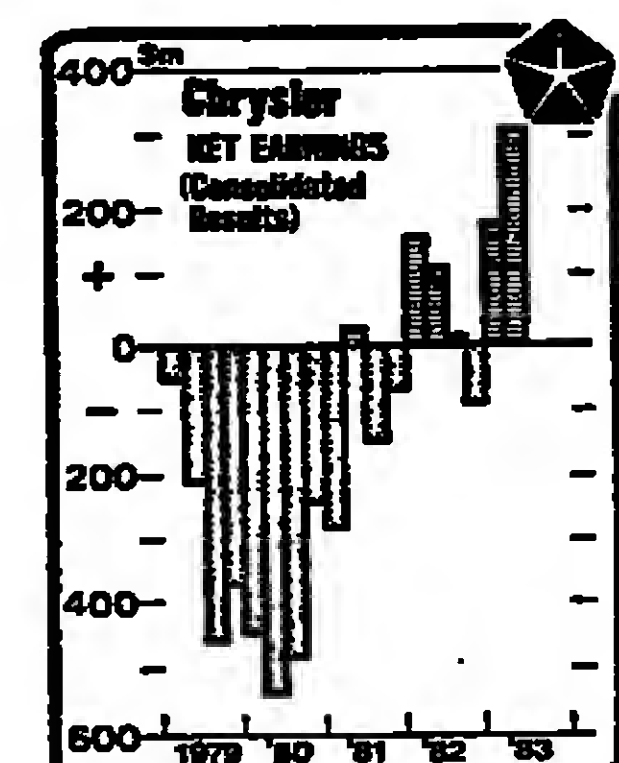
All this is good for this year's profits—one authoritative estimate suggests that Detroit can make \$6,000 on a large, luxury car but this drops to only \$1,700 on small ones—but if the trend is not reversed the manufacturers will have wasted some of the billions spent on the new "downsized" models.

Chrysler seems particularly vulnerable to the "threat of the large car" and chairman Lee Iacocca has loudly declared that the Government should take some action to make sure petrol is priced "more realistically."

However, the factor which might ultimately cause the contraction of the U.S. motor industry, which some observers believe ultimately must happen, is that the Japanese are still perching the standard for car prices by landing small cars in the U.S. at \$2,000 under American cost.

As a result, GM says it cannot build small cars profitably in the U.S. at the moment and must therefore turn to the Japanese as an interim measure. GM will import 200,000 cars a year from its 34 per cent-owned associate Isuzu and a further 100,000 very small cars from Suzuki in which it has a 5 per cent shareholding.

If it can get government approval for a joint venture with Toyota of Japan, that



Statistics, while productivity measured by output per employee hour declined in more than half the U.S. industries monitored last year, the motor industry showed a gain of 5.7 per cent. The decline in vehicle output of 0.5 per cent was more than offset by a decline in employee hours of 11.5 per cent.

It says something for the new approach to employee relations that this could have been achieved in spite of the savings which were a necessary part of the drive for productivity.

Direct employment in the industry was reduced from more than 1m in 1978 to 685,000 last year.

As a result, the level of output at which the major manufacturers break even is estimated to have been reduced from 5.6m units to 4.3m for GM, from 4.2m to 2.6m for Ford (the company says it is now profitable at 65 per cent of capacity) and 2.4m to 1.1m for Chrysler.

Hand in hand with the cuts in the workforce has gone a massive investment programme. By 1988 the U.S. industry will have rebuilt, re-equipped or re-tooled 47 engine and transmission facilities and 89 assembly plants. When the conversion is complete, few machine tools or parts will remain unchanged in the industry's 255 domestic plants and the facilities of its 5,000 suppliers.

The total cost will be \$30bn which Ford's Caldwell points out is equivalent to the cost in today's dollars of the Marshall Plan "which put Western Europe back on its feet following the destruction of its industries in World War II."

The other element in the industry's radical new approach is the treatment of the component suppliers who on average contribute about 60 per cent to a car's total cost.

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Thursday August 25 1983

A change for Namibia

THE VISIT to South Africa of the UN Secretary General, Mr. Perez de Cuellar, in search of a resolution to the protracted dispute over Namibia (South-West Africa) comes at a time when the need for a settlement is more pressing than ever.

The cost in lives and resources for all three countries involved in the dispute over Namibia and Angola is steadily climbing. It is a dispute which seldom reaches prominence but contains the ingredients for wider conflict drawing in the region as a whole and containing the threat of yet another battleground between the proxies of east and west.

Mr. de Cuellar's visit does not signal a new initiative. It follows a UN Security Council directive last May requiring him to report back on efforts to resolve the dispute by August 31. The directive was a product of growing impatience—particularly on the part of the six front-line African states—over the failure of the five-member western contact group to bring about the implementation of UN Resolution 435.

This sets out the terms for a UN-supervised ceasefire in the 16-year-old war between South African troops and guerrillas of the South-West African People's Organisation (SWAPO). The ceasefire would be followed by elections and a new assembly would draw up Namibia's independence constitution.

The parties to the dispute have, but for minor details, agreed to the plan. The news yesterday that Pretoria has reached agreement on the practicalities is encouraging but does not in itself represent a breakthrough. As Mr. de Cuellar made clear, the dispute remains bedevilled by an issue which is outside his immediate mandate. South Africa, supported by the U.S., is demanding the withdrawal of the 20,000 to 30,000 Cuban troops in Angola, where SWAPO guerrillas are based, as an integral part of the settlement procedure. The departure of South African troops from Namibia, as envisaged in Resolution 435, must be matched by the pull-out of the Cubans from Angola, says Pretoria.

For its part the Angolan Government has declared that the Cubans have a legitimate role. They were invited into Angola during the 1975 civil war when South African forces intervened on the side of Unita, the guerrilla movement led by Dr. Jonas Savimbi. It is the right of a sovereign state, argues Pretoria.

Monopoly in mortgages

THE BENEFITS bestowed upon house buyers in the wake of the recent competitive skirmish between the banks and the building societies are proving to be extremely fragile. The rapid return of building society differential mortgage rates—has been abandoned by most building societies, leaving the banks threatened to race away with the market for new loans—is not only a fresh source of confusion for borrowers; it signals the end of a brief period in which they appeared to have the upper hand.

In deciding to provide credit for house purchase as a device to secure a larger share of the all-important personal deposits market, the banks took on the societies at their own game and, for a while, gave them something to worry about.

Complicity

Along with the cash, handed out in a way which only served to underline the societies' monopolistic complicity, came promises of a long-standing commitment to the house mortgage market. The societies spoke of the stimulus from fair competition and talked headily of a permanent end to the mortgage queue.

But the banks' "long-standing" involvement dissolved (other than in the shape of forthcoming loan repayments over unacceptably long periods) and interest rates fell and the societies were left to cope with demand which had been inflated by the banks' little fling. There are those who say that the summer increase in mortgage rates was unnecessarily high and suggest that it would have been lower if the banks had still been around to take some of the strain.

But now their departure is having a most direct influence on the cost of home loans. The retreat by most of the banks has encouraged the societies to believe that, once again, they can impose higher interest rates on larger mortgages.

Some societies were always uneasy about charging more in this way, believing that all borrowers should be treated equally and that the differential rate penalised home owners living in areas where house

prices were high. Others were less worried, happy to emphasise that there was little reluctance among borrowers to pay higher rates but preferring not to point out that refusal to do so invariably meant no loan at all.

The arrival of the banks ended the debate and the differential rate. Those borrowers who managed to secure large loans over the past two years have done well; those who follow will be less fortunate.

When confronted with their first taste of competition for mortgage business in many years, the societies polished up a tarnished image; loans were agreed more quickly, lending criteria were relaxed, some of the secrecy surrounding surveys and valuations was removed and building society began to act as though the mortgage customer's needs should be fulfilled rather than fief.

Competition for savings remains intense and the societies' involvement in the clear benefit of investors—will continue to be tested as they strive to take their share of the savings cake; the implications of the restoration of a virtual monopoly in the mortgage market are less certain.

Some societies are again heavily promoting endowment loans, bearing useful commissions and the societies must take the trouble to explain why. They must pay the same attention to their customers which the presence of a hungry competitor has until now dictated.

The best hope is that competition between the building societies themselves will maintain the same sharpness of service which has recently emerged and prevent a return to some of the bad old ways which were instrumental in encouraging the banks to have a go.

Explaining why

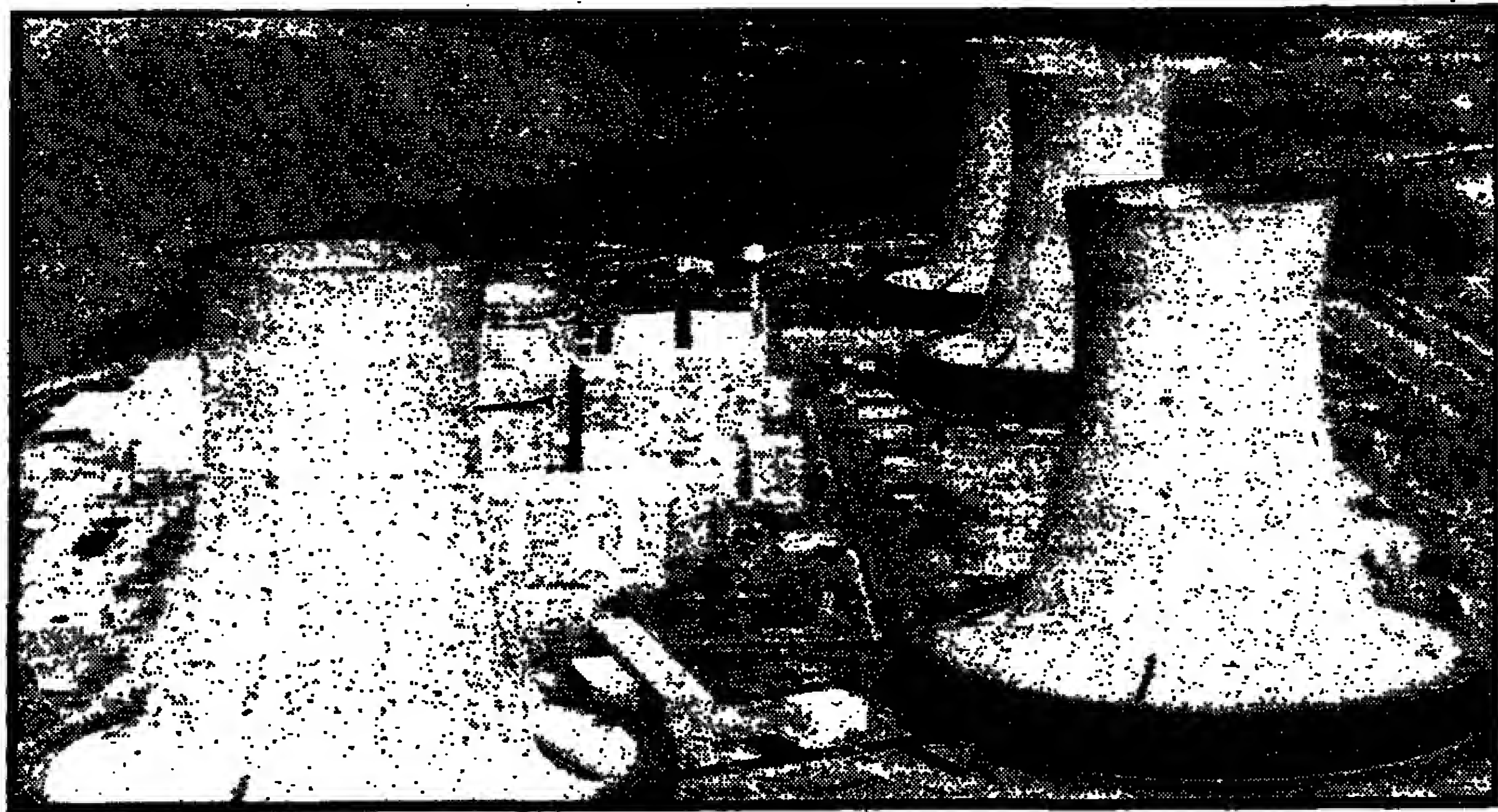
If sufficient loan funds are not available—though the present shortage should be temporary—then people must wait and the societies must take the trouble to explain why. They must pay the same attention to their customers which the presence of a hungry competitor has until now dictated.

The best hope is that competition between the building societies themselves will maintain the same sharpness of service which has recently emerged and prevent a return to some of the bad old ways which were instrumental in encouraging the banks to have a go.

U.S. NUCLEAR INDUSTRY

Now—a question of survival

By Richard Lambert in New York



Three Mile Island, site of the U.S. nuclear industry's worst ever accident

THE survival of the U.S. nuclear energy industry is in question. Orders for more than 100 nuclear units, representing nearly half the total capacity of nuclear steam supply systems ever ordered in the U.S., have already been cancelled, at a cost to date of around \$10bn.

A further 15 or more units, many of them at an advanced stage of construction, appear to be candidates for further cancellation, at a cost which could exceed \$1bn a unit.

No new commercial reactors have been ordered in the U.S. since 1978, and the prospects for any new domestic orders during the next five years are slim. The Clinch River breeder reactor, which President Reagan has said is "essential to ensure our preparedness for longer-term nuclear power needs," faces a critical few months with a strong move in Congress to cut off its funds.

Ten years after President Nixon forecast that more than a quarter of the country's electrical output would come from nuclear power by 1985, commercial reactors account for only about an eighth of the nation's electrical output.

According to a recent study by the Energy Information Administration, the biggest single reason for the continuing wave of nuclear plant cancellations has been the fact that the utilities' forecasts of the long term growth in demand for electricity turned out to be wildly over-optimistic.

From 1966 through 1972, growth in summer peak loads was projected at annual rates of 7 per cent or more, and on that basis the utilities set out to double their generating capacity over a period of 10 years.

Last year, however, U.S. peak load demand actually declined for the first time since the Second World War. The utilities are now talking about annual growth of only around 3 per cent in the period to 1991.

But as demand has dropped, the costs of building a nuclear plant have rocketed—and the utilities' ability to finance such projects has diminished.

In 1971, the estimated cost of building a 1,000 MW nuclear

plant in the U.S. was put at \$345m. This figure had climbed to nearly \$32bn by 1980.

A major explanation for this dramatic change, apart from general price inflation, has been the result of increasing regulatory intervention—especially since the near disaster at Three Mile Island in 1979—along with growing public opposition to the development of nuclear energy and technical shortcomings in the equipment.

It is not just new projects that have been hit by this cost escalation. Commonwealth Edison completed its Quad Cities station in 1972 at a cost of \$262m. Since then, it has been obliged to spend another \$180m on modifications required by the Nuclear Regulatory Commission.

The utilities themselves have faced mounting financial constraints. Their fuel costs rose tenfold in the 12 years to 1979, and their earnings sagged as a result of regulatory delays in approving rate increases. As their capital needs expanded, their ability to raise new funds declined.

About 80 per cent of the utilities sampled by Merrill Lynch in 1980 had Moody's credit ratings of BAA or above—but by 1980, the proportion had fallen to under 40 per cent.

The capital costs of a nuclear plant are from 30 to 100 per cent greater than those for a coal-fired plant, and are far less predictable. As a result, nuclear plants have been much more frequent targets for the chop by cash-strapped utilities.

The apparent economic advantages of nuclear plants have been continuously eroded in recent years. The Energy Information Administration said in 1982 that new nuclear plants would offer better economic value than new coal fired plants only in New England and the South Atlantic regions of the U.S. Coal fired plants would have a distinct edge in the southwest and North Central regions, which are rich in surface deposits of coal. Elsewhere, it said, there was not much to choose between the two.

Despite these formidable problems, the powerful nuclear lobby is a long way from throwing in the towel. One reason is that the major plant suppliers are still surprisingly healthy.

For instance, profits from General Electric's nuclear power business rose sharply in 1982, even though orders for seven of its domestic reactor systems were cancelled during the year, and its backlog plunged from \$3.5bn to \$2.6bn. Westinghouse will ship its last major plant component around the end of this year or the

beginning of next, and is not counting on any new domestic orders until 1988 or beyond. Yet it believes its nuclear business will grow faster than the U.S. gross national product for the foreseeable future.

Part of the explanation is that the companies have already pruned their manufacturing operations significantly. Westinghouse has cut back its capacity from 10 reactor sets a year to around four, which it says is all it is likely to need even when the market recovers. It is optimistic about the prospects of picking up some international business—mainly in the Far East—in 1984 and beyond. Meanwhile, it is filling its workshops with defence work.

But the main reason for the suppliers' surprising resilience is they are making big profits out of servicing existing nuclear steam supply systems. According to the Atomic Industrial

Forum, a trade group, the care and feeding of plants in operation has created a service market estimated at \$400m in fees alone.

A big chunk of this after-market stems from the need to modify nuclear plants, either at the instigation of the Nuclear Regulatory Commission or because of component failures. On one estimate, this retrofit business will be worth more than \$8bn over the rest of the decade.

Competition in the service area is expected to intensify as the workload on original equipment dwindles away in the mid-1980s. But the market should still be big enough to ensure that the major U.S. plant manufacturers, with extensive global experience, will be in a position to resume work on domestic orders in the 1990s.

That, in essence, means Westinghouse and General Electric, and it is significant that both companies have agreed joint ventures with major Japanese manufacturers for the development of advanced light water reactors. These should be in production by the end of the century, and offer much improved operating efficiencies.

Meanwhile, the financial health of the utilities is improving. Earnings have picked up following record rate increases in the past two years, and the bull market on Wall Street has lifted share prices up to and above book values. The industry's capital spending programme is past its peak.

Most important of all, inflation has come down sharply and the economy is recovering. After years of debate, the U.S. now has waste disposal legislation in place, and the Administration is in the early stages of an attempt to rationalise and speed up the regulatory process.

What the industry needs now is a period of sustained economic stability—and of sound nuclear plant operation. At the same time, it has to improve the very erratic operating efficiencies of the plants which are already working, and lop several years off the present construction cycle. Even if all this can be achieved, the nuclear energy business is unlikely ever to return to the heady days of the early 1970s.

WHAT WENT WRONG: A LENGTHENING LIST OF FAILURES

THE U.S. nuclear energy lobby is fighting back. At a cost of some \$35m, nuclear plant suppliers, utilities, and industrial power users are mounting a major campaign to counter the wave of adverse publicity which has threatened to swamp the industry in recent months. They face an uphill struggle.

A growing number of nuclear power projects are running into serious trouble. In July, the Washington Public Power Supply System (universally known as Whoppe) defaulted on \$225bn of bonds raised to finance two

nuclear power plants which were abandoned last year at an early stage of construction. All told, Whoppe has poured well over \$5bn of bondholders' money into five projects, of which two have been abandoned and two mothballed.

Other recent headline-grabbers include the Shoreham plant which the Long Island Lighting Company hopes to bring into operation next May—eight years after the original target date, and at a cost of \$3.4bn, compared with an initial budget of \$2.17m. The plant still needs formal approval for its emergency planning procedures, and in the face of strong local opposition it is conceivable that Shoreham will never be opened. Whatever its fate, the company says its rates will have to go up by well over 50 per cent to pay for the cost of building the plant.

Up in New Hampshire, the Seabrook plant is coming under attack from some of its own participants. A number of utilities involved in the troubled 2,380 MW project have said they would like to abandon or delay work on the second of Seabrook's two units, even though more than

a quarter of the investment has already been made.

Three Mile Island, the site of the industry's worst-ever accident in 1979, remains a running sore with work on the clean-up proceeding very slowly. Questions about the safety of nuclear power were raised again earlier this year when the automatic shutdown system at Salem Unit One in southern New Jersey failed twice in four days. Nuclear engineers insist the great was grossly exaggerated by the media—but the Nuclear Regulatory Commission has proposed a fine of \$850,000 on the

plant's operator, and described aspects of the incident as "deeply troubling."

Despite strong support from the Reagan administration, the future of the Clinch River breeder reactor plant at Oak Ridge, Tennessee, is looking increasingly doubtful. Around \$1.5bn has already been invested (mainly by the government) in the large-scale demonstration breeder. Another \$2.5bn is needed to finish the job, but the private sector is reluctant to take the risk, and an alliance of fiscal conservatives and anti-nuclear liberals is trying to cut off funds in Congress.

"I believe this summer will be the most crucial period in the history of the project," says Mr. Shelby Brewer, Assistant Secretary for Nuclear Energy at the Department of Energy. "We are on the razor's edge."

Federal support for the Barwell nuclear fuel plant, the sole survivor of several attempts to develop reprocessing facilities in the U.S., ran out at the end of July. Its private sector owners, who invested some \$127m in the facility between 1971 and 1978, are now in the process of shutting it down.

Men & Matters

Battle lines

Buzby seems to be pecking back bit sharply at private sector equipment suppliers trying to align in British Telecom's market territory.

The new birds have been given the go-ahead to distribute a growing range of private telephone exchanges. But they are having to contend with some chirpy business practices.

Nothing wrong, you might say, with a spot of predatory pricing by BT to make life uncomfortable for its commercial opponents—even if it means taking full advantage of its near-monopoly position as a supplier.

More vexing, though, has been its use of other monopoly powers still left intact by the Department of Trade. Take "commissioning," for example, known to the layman as switching the thing on. Only BT can do it—and it can be a costly extra for anyone buying from a private supplier.

But what really puts the customer in a flutter is a polite reminder about all those other wires in his building which could be so troublesome without BT's care.

Private exchange suppliers can now install the associated wiring under a DoT code of practice. But complications arising from that lie far outside their province.

BT's Portsmouth sales office has a good line in these complications. One customer on the Isle of Wight was recently informed that all his existing wiring and telephones would have to be removed unless he bought his new exchange from BT.

No laughing matter, since the customer runs a hotel.

not prevented them from running a sliderule over the premises in case the 'phone call comes.

The freehold building's good looks are beyond question but, for £50m, it seems a buyer will be expecting a lot more besides. The experts say the building, despite its spacious setting, is not particularly big or modern inside and any purchaser would need to spend substantial amounts of money to bring it up to the standards demanded by today's office occupier.

The suggestion that a private purchaser could find £50m, plus whatever was required to turn the property back into a rather spectacular house, is regarded as highly fanciful.

The most optimistic valuation came up with a figure in the region of £20m, which would at least make an impact on BT's books and would certainly leave one West End estate agent with a stylish commission.

In tune

Life in the topsy-turvy world of Frasers of Edinburgh seems to be faithfully reflected in the musical tastes of the directors. Last year as Lonrho was limbering up for one of its many confrontations with the Herods stores group—and just before Fraser announced a fall in profits—Fraser sponsored the opening concert of the Edinburgh Festival—Verdi's Requiem.

This year, I note that Fraser sponsored the opening concert again—Beethoven's 9th Symphony, containing the choral arrangement of Schiller's Ode to Joy. The performance took place barely 48 hours before the Department of Trade and Industry responded to a request by Fraser to examine their share register and see whether Lonrho was receiving disguised support in its campaign from mystery shareholders.

Next year I intend to study

the programme of the Edinburgh Festival carefully for early signs of how things are at Fraser.

Fly moves

Along with guidelines to radiation doses, the readers of today's issue of Nature get some very useful scientific advice on how to swat flies.

As E. G. Gray, of the National Institute for Medical Research, says, attempts to swat a fly are usually thwarted by the "high-speed (millisecond) reflex system in its visual-brain-motor system" which enables it to take off "at an avoiding angle in response to a moving approaching swat entering its visual field."

Gray's experiments in the interests of hygiene have come up with this most effective method of swatting:

"A piece of tissue paper is taken in each hand and the fly approached from the left and right, keeping the hands equidistant from the fly and moving to and fro slightly, then both hands simultaneously pounce."

"The fly cannot cope with this situation," he says, "since its central nervous system circuitry is geared to avoid approaching movement in only one part of its visual field at a time."

"Two simultaneously approaching swats render the fly immobile for its central nervous system now cannot compute at which angle to take off."

I look forward eagerly to his advice on how to put down other pests.

Idle gossip

Graffiti in a West Midlands social security office: "I'm an idle hand but the Devil hasn't found me any work."

Observer

Sergeant J'n'k'n was hit on the head



he lost his reason

After 3 years in the last war, after keeping the peace in Kenya, after seeing through the evacuation of Aden, during a tour in Northern Ireland Sergeant J'n'k'n was hit on the head. With a stone.

He lost his reason. He has been with us ever since he was invalided home. Sometimes in hospital, sometimes in our Convalescent Home—wherever he is, we look after him. One day, he'll probably enter our Veterans' Home for good, still thinking that the next man in the street is about to attack him.

Every year brings in more and more deserving cases like Sergeant J'n'k'n. For those who are homeless and cannot look after themselves in the community, we provide permanent accommodation in our Hostel.

And every year our costs go up. If we are to survive, we must have more funds. We're doing everything we can, but in the end it depends upon what you can afford to give.

"They've given more than they could—please give as much as you can."

EX-SERVICEMEN
MENTAL WELFARE SOCIETY
37 Thurloe Street, London SW7 2LL. Tel: 01-584 8688

ECONOMIC VIEWPOINT

Proposal from a Treasury exile

Uphill push for Soviet reform

By Anthony Harris.

By David Buchan

THE National Institute of Economic and Social Research used to be known as the Treasury in Exile; it was named partly by Treasury officials, and its forecasting work, which was very like that of the official side, was useful both as a kind of unofficial window on Treasury policy, through which business could take its lead, and as a check on the Treasury's own work. In these days of ideology and leaks, roles have changed radically. Mr Andrew Britton, the new Director of the NIESR, is an ex-Treasury point but he is a dissident as well as an exile—the voice of the old Keynesian Adam. Nothing on the face of it could be less in tune with Government thinking; but there must be moments when this discordant voice sounds to Ministers rather like a siren song.

The reason is simple: the Government is now actively worried about growth, in a way that it never was during its first term of office. Failing growth, as the leaked Think Tank report is already beginning to think the unthinkable about welfare and even defence. But must it be so? The temper has appeared in the unlikely person of Mrs Thatcher's friend President Reagan. He has, for the moment at least, achieved a really quite dynamic burst of growth; and he has done it by using the very methods which Mrs Thatcher (and Mr Callaghan before her) have denounced as unwelcome. He has spent way out of recession, and, incidentally, created 15m jobs, many of them presumably real jobs, in the process.

How is it possible that the President has achieved such success with policies which have been so generally denounced on this side of the Atlantic, and indeed in Wall Street? The answer, as David Hale pointed

out on this page yesterday, is very simple: monetary policy has been relaxed.

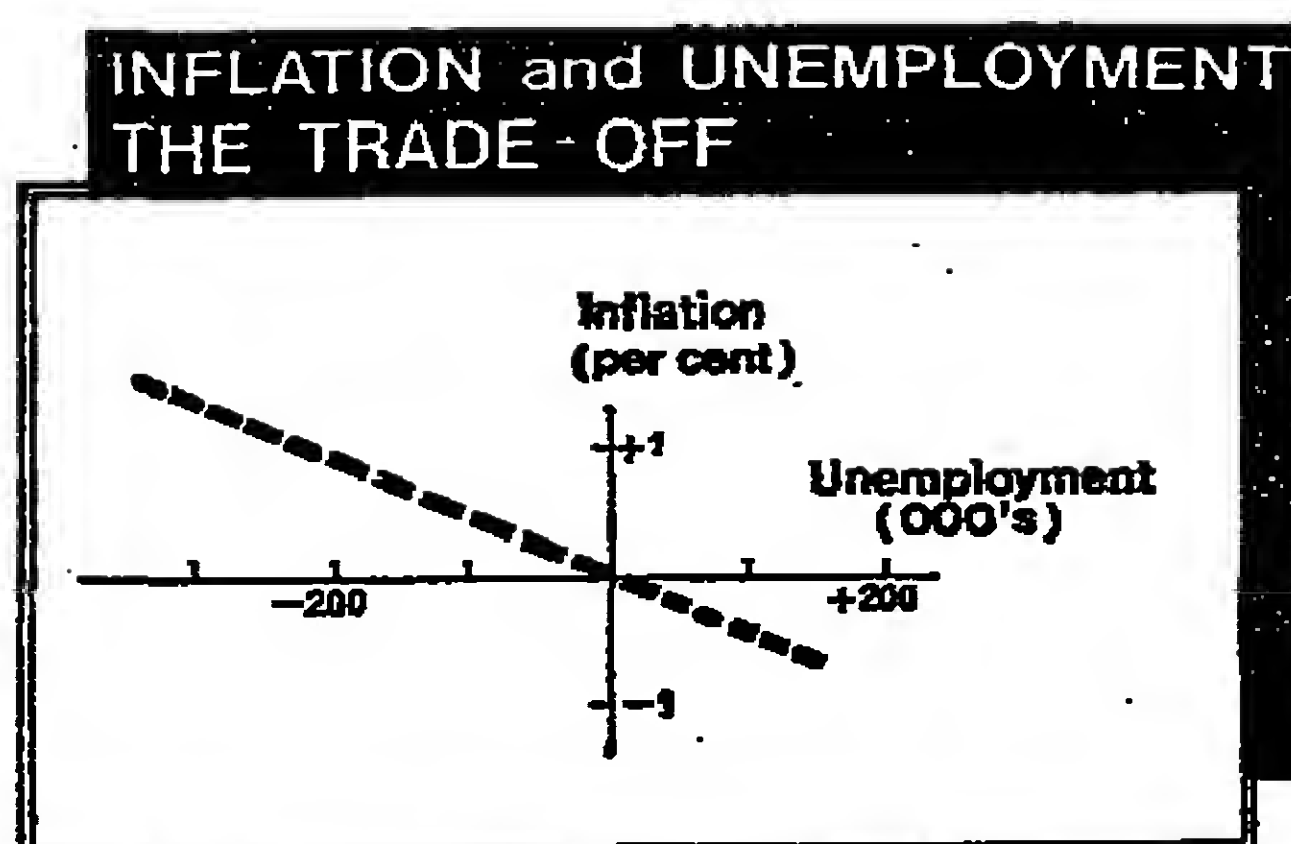
Last year, however, the Fed was frightened almost out of its wits by the impending foreign debt crisis, to save the banking system it adopted a new policy of forcing interest rates down, and making excuses for the money numbers. Within six months, the Federal deficit emerged as a powerful stimulus. Do we, then, simply have to stop banging our heads against the monetarist wall?

No, of course not. For one thing, the US recovery is widely expected to fizzle out; and whether it does or not, it could only too easily turn into a cautionary tale. There are even at this stage disturbing signs, in reports by industrial purchasing officers, that inflation will revive sharply before long. There are two good reasons for this. First, a very high deficit imposes high interest rates regardless of monetary policy, because it forces the bond market to sell. These rates are both a warning and a cause of future inflation; for high rates are inhibiting investment, and that suggests bottlenecks before long. Secondly, and more questionably, a recovery led by consumer demand sucks in imports and could undermine the dollar.

The US recovery, then, does not provide the answer to our problems, but it does still raise the question: is there some optimal middle ground between Mrs Thatcher's puritanism and President Reagan's imprudence which would improve the chances of worthwhile growth in this country?

The argument in the National Institute's Review starts with a simple proposition: there is no reason to suppose that worthwhile growth will happen in the UK of its own accord. The Institute's own forecast is that our recovery will start with a bang next year, but it modestly admits that it could be wrong; but any real surge, over 2½ per cent, would take us right outside the normal range of the Institute's forecasts, which now have a 25-year track record.

The Institute's forecast is on two quite different levels: that different policies could improve the outlook; and this



THREE VERSIONS OF 1984

THE IMPACT OF OPTIMISED POLICIES, ACCORDING TO NATIONAL INSTITUTE

	Government's Higher unemployment priorities	No unemployment priorities	No unemployment priorities
Unemployment (000's) ...	-390	-617	-88
Prices (%) ...	-	+0.99	-0.6
Balance of payments (\$m) ...	-216	-314	-119
GDP (%) ...	+1.9	+2.6	+0.7
PSBR (\$m) ...	+656	+940	+456
Consumer taxes (%) ...	-1.7	-1.82	-1.57
Income taxes ...	+2.3	+2.94	+2
Govt. expenditure (\$m) ...	+383	+664	+124
Exchange rate (%) ...	2.5	-1.64	+2.4

The figures in the table measure the additional impact of optimised policies compared with a computer run based on present Government policies. The changes shown are for 1984, the last year of a run which covered the whole of Mrs Thatcher's term of office.

is the proposition that needs to be discussed. Mr Britton essentially repeats the plea which Oliver Cromwell once addressed to the General Assembly of the Church of Scotland: "I beseech you, gentlemen, in the bowels of Christ, to conceive it possible that you may be wrong."

Wrong, first, about inflation. This part of the argument is pretty bald. The Review simply asserts that the borrowing required to finance the deficit is lower than it need be, "so that there is room for tax cuts or higher spending. Since no figures are suggested, this simply leaves us looking a little wistfully across the Atlantic and wondering if we dare move in that direction. On its own, this is not very interesting—or

even, given the Institute's history, very provocative. The Review seems to have been recommending deflation for so long that it looks a little like a stopped clock. Even a stopped clock, of course, is right once every 12 hours, but on its own this knowledge is unhelpful.

However, in another section the Review offers something much more rewarding: an exercise in policy optimisation. The phrase "policy optimisation" is a little unfortunate, because it suggests rather more magic than it actually contains. It is not a way of producing ideal policies, but of exploring the policy implications of an economic model; the policies are no better than the model. This way of using models—which is

incidentally that approach recommended by Sir John Mason, head of the Met Office, in his address to the British Association this week—turns out to be most revealing.

The process is technically difficult, but fortunately easy to describe. A model attempts to describe the behaviour of the economy by relating past behaviour to past policies and events. It is usually used for forecasting: new facts and policies are fed in, and predicted behaviour comes out. In this use the National Institute's model, as another chapter says, is on average about half right.

An optimiser does not forecast. Instead, he asks the computer to behave like a Minister. A set of objectives—lower inflation, higher employment, a sound balance of payments—are assigned weights. Further constraints—a bar against violent changes, a desire to cut direct taxes, or a bar against higher Government spending—can be added. The computer then produces the policy mix which would, if the economy is like the model, produce the best compromises between these often conflicting objectives.

The results for the past year of the six-year run are shown in the table, and they are deeply suggestive. Most surprisingly, perhaps, they show that in spite of the statements at the beginning of the Review, none of these optimal policies seem to have more than trivial effect on PSBR, at least in money terms.

Reflation is subtle: because this PSBR appears at a higher level of activity than now seems likely, which equally means a higher level of Government revenue, what we have is only a cyclically adjusted fiscal stimulus—popularly known to its friends as "balanced budget relaxation".

Equally, the net rise in government spending shown are quite small; but under this unquarantine figure is a much more dramatic change in the composition of spending. Unemployment falls—quite sharply, in one variant—so good enough to banish the nightmares which now haunt the Cabinet. At the very least, the case for putting the same questions to the Treasury model of the economy seems unanswerable.

Now these are points which

Mr Nigel Lawson, the Chancellor, should readily understand. In a previous incarnation, as Financial Secretary to the Treasury, he made an eloquent speech on the importance of thinking in cyclically adjusted terms; Sir Geoffrey Howe did not appear to agree. The point is that crude cash targets can lead to perverse policies: the economy falls below expectation, deflating revenue and raising social spending. A purely cash-minded government will cut spending and raise taxes, so deepening the recession which has caused the trouble; a cyclical thinker will try to get back on track. Does the old Lawson still live?

The second point is that these runs did not include targets for the money supply or the PSBR, yet the model behaves almost as if it believed in the Medium Term Financial Strategy. This was achieved simply by giving it a balance of payments constraint. The balance of payments is after all the single figure which tells us whether an economy is living above or below its means, just as the effective exchange rate is the single figure which tells us whether there is an unsatisfied demand for a currency, or an excessive supply. The exercise does suggest that the Government has been trying to optimise too many different numbers at the same time; simpler targets would work better.

Finally, the process enables us to study trade-offs—for example, between unemployment and inflation—in the only scientific way: by comparing optimal policies with different priorities. This particular trade-off, in the National Institute model, suggests that there is room here for rational choice; or, if you like, that there is no free lunch, even in anti-inflation policy.

The Review, then, is hardly a revolutionary manifesto, or a call to prodigy. It suggests that growth might be better through a modest balanced-budget refutation, a slightly lower exchange rate and a small shift back from indirect to direct taxes; it might even be good enough to banish the nightmares which now haunt the Cabinet. At the very least, the case for putting the same questions to the Treasury model of the economy seems unanswerable.

Lombard

Uphill push for Soviet reform

What does Yuri Andropov want to do with the world's second largest economy? Apply decentralising and incentive-based reforms to the ossified Soviet planning system or rely on the parade-ground smack of discipline for a work-force grown lax in the Brezhnev years? Since last November we have hung on the Soviet leader's cryptic public remarks for illumination, but only in recent weeks have we come near an answer. Mr Andropov is pursuing a mix of discipline and very limited reform, which still looks more like a recipe for continued muddling-through than a new strategy to pull the Soviet economy out of its doldrums.

The campaign to get Russian noses back to the grindstone may have had some effect, particularly as Mr Andropov has actually spread the paltry chivvying blue collar slacks, sacking corrupt white collar bureaucrats and ministers, and chastising the inefficient at all levels. But this year's industrial production improvement, which had other causes, has slackened already, from a 5.3 per cent rise in January and February (compared to a year earlier) to a 3.8 per cent gain for the first seven months of 1983. Soviet input and output figures are overstated, anyway, because they do not admit to inflation. There is no real sign, yet, of an end to the economic stagnation of the late Brezhnev years.

From the start Mr Andropov hinted at some systemic changes. Last month he let drop the reform shoe, but hardly with a thud. From next January, local managers in the nationwide transport and electrical equipment ministries and in food and light industry plants in three republics, will get more say in how their businesses are run. They will, for instance, have a greater share of profits at their disposal.

But the 1984 reform is akin to many tried before, notably in 1965 and 1979, and like them, it may fall for being too limited. "Reform" factories must still swim in a sea of "unreform" suppliers and customers under the central planners' thumb. For all that, the theoretical freedom to dispose of income begs the question of getting hold of something to spend it on. Genuine autonomy would also give Soviet managers the say in setting output and prices and in dealing direct with foreign partners that their counterparts now have in Hungary.

Mr Andropov never promised to be a radical. At the outset, he said economic reform would be conducted with "circumspection," and in the wake of "the experience of fraternal countries." But last week, he inveighed in an air of frustration against the "accumulated inertia" against change.

The silence he chose was significant—veteran communist party members. Nearly a quarter of the central committee is made up of those who have been party members for 30 years or more, and it is here, one may presume, that the natural resistance to change is strongest. Other elements in the anti-reform coalition are the bureaucrats and the military who, respectively, run and benefit most from the existing central planning set-up. The signs are that Mr Andropov is trying to build, in almost Western style, a consensus for further reform. But, at 69 and in ill health, he may not have the time.

What is success or failure of Soviet reform to the West? The Soviet Union is not a major engine of the world's economy. The level of its trade with the West is less a function of internal economic buoyancy or lack of it than of its hard currency returns on raw material exports. Soviet primary production is less beset by systemic problems.

But successful reform would erode the central planning system, vital underpinning to the Soviet military build-up as it was to the Western war effort 40 years ago. It would make the Soviet system more permeable and understandable to western businessmen. If a tiny degree of political relaxation were to follow economic liberalisation, that would be an added bonus.

Letters to the Editor

Validation of economic forecasting

From Mr Andrew Britton

Sir—I enjoyed your editorial (A Warning from the Weatherman, August 23) commenting on Sir John Mason's address to the British Association. You explain some of the difficulties of economic forecasting in comparison with weather forecasting, and add "in all the circumstances it is amazing that economic forecasting 'works' at all—and some forecasters modestly question this, pointing out that their performance is often no better than could be achieved by drawing graphs on log paper with a ruler."

You may be interested in the study we have made at the National Institute of the accuracy of our forecasts of output since 1959. By a happy

coincidence the study is published in our Economic Review this week. We examine the published each February for the growth rate of output (GDP) 12 months ahead from the fourth quarter of the preceding year. The correlation of forecasts with outcome is about 85 to 70 per cent. By contrast a straight line projection would show a correlation of zero. This result is consistent with an average absolute error in the forecasts of 1 to 1½ percentage points. We make no claim to precision, but we do claim that the usefulness of forecasts can be demonstrated.

These studies are based on experience of forecasting over a period of 24 years. It is quite true that validation of forecasting methods in eco-

nomics is a very slow process. It is nevertheless essential. I cannot agree with Sir John if he said that a model which is not validated by its forecasting record may nevertheless be adequate for the analysis of policy variants.

Finally, I was amused by your suggestion that the success claimed for weather forecasting rests on the regularity of seasonal variation. Should we insist that meteorologists forecast the weather, as we forecast the economy, seasonally adjusted?

Andrew Britton, Director, National Institute of Economic and Social Research, 2 Dean Trench Street, Smith Square, London SW1P 3HE.

Funding the price of life

From John de Rivas

Sir—Another way of looking at the price of life (August 17) is to consider the price some Americans and Australians are willing to pay to avoid death by using cryonic suspension. Curiously, this is of the same order of magnitude as the figure mentioned in the article.

One of the particular problems with this is that the funds must be provided immediately upon death, and therefore probate delays and uncertainties cannot be allowed. A look at the requirements for cryonic suspension shows how antiquated and unfair are the laws concerning private property and death. This means that cryonists' funds must be placed in inefficient investments such as life insurance, or otherwise they must incur the very high professional fees relating to joint trusts.

Averaged over 30 years or so, these can represent 50 per cent of the capital, assuming one adds in the taxes levied on the sums raised to pay these fees. The sum provided has to be topped up to allow for inflation, which means that the only life policies that would work are 100 per cent investment policies, where the client is effectively insuring his own life.

However, these are ruled out for many people even if only because of the capital taxation levied on transferring investments into them. This also illustrates the impossibility of paying for funerals from life insurance in inflationary times.

I have prepared a detailed report on this subject and am willing to send a free copy to anyone interested. It covers the main American cryonics societies and also the Life Extension Foundation. This is the Florida organisation that has only recently had a lot of favourable publicity in the U.S. on the Merv Griffin show and also through publication of the American best seller, Life Extension—A Practical Scientific Approach, by Pearson and Shaw (Warner Communications 1982, \$20).

The support achieved by the Life Extension Foundation, together with the prices paid for the vitamins and nutrients they sell, show what many people are willing to pay to maintain themselves in good health and extend their lives.

John de Rivas, West Toran House, Portlough, Truro, Cornwall.

Consultation on business rates

From The Association of British Chambers of Commerce

Sir—Those reading your report (August 23) of the most interesting proposal by the Institute of Directors (IoD) for a Business Ratepayers' Consultative Committee to influence local government spending and rate increases, would be left unaware of one rather important aspect of the IoD's proposals. "In general the Chambers of Commerce and the appropriate business bodies," the IoD suggested, envisaging Chambers "nominating the Committee members in accordance with guidelines issued by the Secretary of State." Chambers are, as the IoD recognised, "local organisations representing a wide spread of business interests, with a local secretariat, and very often with extensive links with their local authorities already."

An ABCC committee, consisting of representatives of the regional Chambers of Commerce in England, is at present considering our response to the White Paper, particularly on the issue of business consultation. The IoD is to be commended for giving such attention to the related problems which principally concern the business community. First, how will the Government's legislation ensure that the consultation procedures are meaningful and not purely cosmetic, as in certain areas consultation clearly is at present, and what sanctions against flagrant ignoring of the representations of the business community are to be provided? Second, how far and at what stage in the local authority budget making process, are the business representatives to be

provided with the essential information about the local authority's finances and spending proposals, which they need to enable them to play a constructive and effective role?

David Nicholson, Director, Home Affairs, Association of British Chambers of Commerce, Sovereign House, 212a Shaftesbury Avenue, London WC2

Myths about local rates

From Mr Henry Law

Sir—Your editorial (August 18) may have helped to dispel the hysterical tone which now pervades the continuing saga of local rates.

More needs to be said. In the public mind, the subject is dominated by the mythical frail old lady living alone in an enormous house, while next door, husband, wife and five strapping lads, all wage-earners, are paying the same rates between them.

Almost certainly, the true reason why rates receive so much attention is because they are the most perceptible of all taxes. Rates are a tax on actual or imputed rent, as can be seen very well in the Enterprise Zones, where the "rates holiday" has led to higher rents which largely absorb the value of the concession.

Conversely, in areas where rates are high, rents and property values are discounted accordingly. Rates do far less damage to the economy than any of our other taxes, and provided that the transition was made gradually, there is no reason why a higher proportion of public revenue should not be funded from the rates, other

taxes being correspondingly reduced.

Two disturbing features of the White Paper are a categorical refusal to consider getting rid of the anomaly of agricultural de-rating, and the absence of any comment at all on the subject of Site Value Rating.

The proposed commercial revaluation would place a heavier burden on occupiers of modern properties. It emphasises the fundamental defect of the present rating system: investment is penalised. By de-rating all buildings and improvements Site Value Rating would eliminate this disadvantage, and therefore merits serious consideration.

Henry Law, 8 Woodhouse Road, Hove, Sussex.

Tax basis for earnings per share

From Mr Keith Sykes

Sir—The Lex article (August 22) about the appropriate tax basis for earnings per share raises a number of interesting issues; however it leaves one perturbing question unanswered.

Published accounts show pre-tax profit after depreciation, designed to write off the cost of fixed assets over their "useful life," rather than charging capital expenditure in the year in question. This acknowledges the lumpy nature of capital expenditure. If this is the correct treatment above the line, how can it be right to take all the tax credit in a single year?

Keith Sykes, 36a Cleveland Square, London, W2.

This announcement appears as a matter of record only.

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FINANCIAL TIMES

Thursday August 25 1983



London consortium banks face up to end of an era

BY ALAN FRIEDMAN, BANKING CORRESPONDENT, IN LONDON

MR JOHN SCLATER, managing director of Nordic Bank, said this week as one of the consortium bank's shareholders agreed to buy out its partners: "What made sense 10 years ago no longer makes sense today."

Mr Sclater can afford to be philosophical about the Nordic Bank buyout by Den norske Kreditbank (DnB), Norway's largest commercial bank. At the end of the day Nordic Bank, London's second largest consortium bank with total assets of £2.1bn (\$3.2bn) will not only have new growth potential and the full backing of DnB, but also a balance sheet brimming with £35m of extra cash.

Nonetheless, DnB's £67m buyout of its Swedish, Danish and Finnish partners in Nordic has highlighted another nail in the coffin of London consortium banking. Although some may disagree, the London market's consensus is that the concept of consortium banking - where several banks get together and jointly fund an international ven-

ture - made sense a decade ago and is clearly now on the way out.

The case of Nordic Bank is a perfect example of how the once chic idea has faded in recent years: ten years ago, when the Eurocurrency market was still evolving, it was logical for banks to band together, share knowledge and spread the risk. The packaging of medium-term credits was a risky business and yet an exciting one - every foreign bank wanted a presence in the London market.

But as the years have gone by and the Eurocurrency market has matured, the business of medium-term lending has become more competitive and banks have been striking out on their own. This is what happened to one of Nordic's four shareholders - Svenska Handelsbanken. Svenska Handelsbanken last year took the investment banking team from Nordic and established its own London operation, Svenska International. The bank started operations chiefly in the capital markets area, but now it has expanded

TOP TEN CONSORTIUM BANKS IN LONDON			
Bank	Assets (£m)	Pre-tax profit (£m)	1982
Saudi Int'l Bank	2,532	15.28	9.86
Nordic Bank	2,116	9.50	12.42
Scandinavian Bank	1,930	13.20	11.41
Libra Bank	1,518	38.47	27.67
United Bank of Kuwait	1,211	10.33	4.50
Int'l Commercial Bank	946	9.35	8.47
URAF Bank	861	9.22	7.50
European Brazilian Bank	788	25.30	16.10
Euro-Latinoamerican Bank	693	8.33	8.93
Japan Int'l Bank	651	2.67	3.05

Source: IBCA Banking Analysis

with foreign exchange, money market and credit.

Back at Nordic Bank the shareholders decided to get their own ways and so DnB agreed to buy out its partners' 75 per cent holding and run Nordic as its own London subsidiary.

Nordic is not the first major consortium bank to be eaten up by one of its partners. Only a few months ago Standard Chartered Bank paid

£43m for Midland and International Bank (MIBL), the oldest of London's consortium banks.

Other major consortium banks which have gone this way include Orion Bank, taken over by Royal Bank of Canada in 1981, and London Multinational, taken over by Chemical Bank in 1977.

United International was taken over by Denmark's PRIVATBanken, Italian International is now

owned by Monte dei Paschi di Siena and Banque Française de Credit International (BFCI) ceased trading last year when its two French shareholders decided to set up their own London operations.

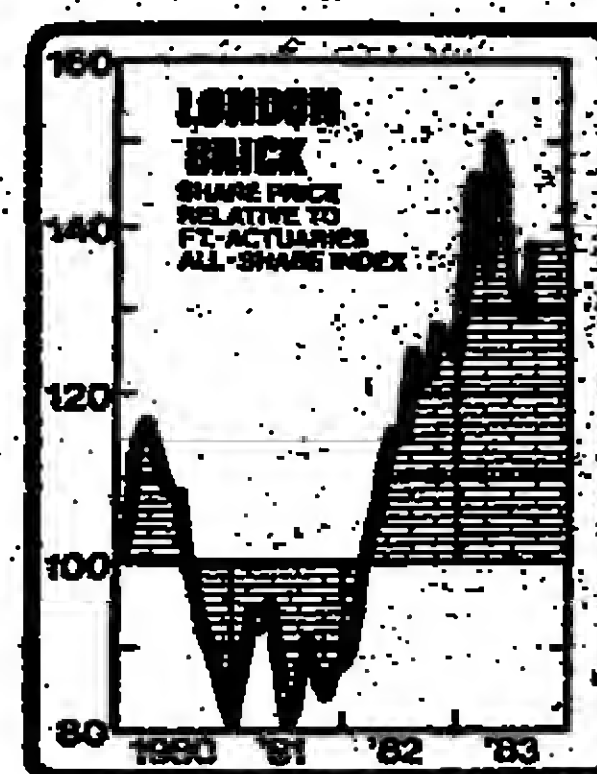
Not all consortium banks are finished, however. Saudi International, owned partly by the Saudi Monetary Authority (SAMA) and by other banks including Morgan Guaranty, is still a very active going concern.

So is the European Banking Group, owned by seven major banks including Midland and Deutsche. Mr Bill Slee, managing director of EBG, draws a distinction between consortium banks with "a one-product geographical emphasis" and banks such as his, with "a diversified range of services."

Mr Slee claims that EBG should not be identified along with other consortia because "we don't get business fed into us by our parents and we are not a single medium-term lending operation."

THE LEX COLUMN

Another brick in the wall



Yesterday's trade figures were bad enough to disturb even the hibernation of the gilt-edged market. But, while the export performance of UK manufacturing industry seems almost uniformly disappointing, there was at least some encouragement from the U.S. where a decline in the Federal Funds rate met no resistance from the Fed.

London Brick

London Brick made no secret of the way the wind was blowing last week, so its decision not to pursue the takeover of its parent, the London Brick Group, was a surprise. At current price levels a takeover looks far less of a bonanza than it did last December. More surprising - certainly to London Brick itself, which was making cautious noises earlier in the year - is the speed of the recovery. Profits for the first half have jumped £3.7m to £10.2m pre-tax with brick deliveries running 10 per cent higher on a rationalised base.

The deliveries are still accelerating, with an 18 per cent rise recorded in July. In spite of a 10 per cent increase in production from the beginning of May, the stockpile is being run down at a fast pace.

From 385m bricks at the beginning of the year, stocks are now little over 200m, or six weeks of deliveries. The repercussions are reflected in the interest charge, down from £1m to £230,000. With a cash inflow in the half year of about £10m, London Brick's balance sheet once again displays net cash - of about £7.5m - so the interest line will be positive in the current six months.

The management's new concern must be to keep up with demand. It has about 10 per cent of capacity still in mothballs, but decisions to build new plant or kilns could well be imminent. Even so the severity of the 1981 rationalisation may mean that profits in the current year are not maximised.

The outcome this year should exceed £21m, excluding property sales, producing a prospective p/e of about 9, on a 35 per cent tax charge, against about 11 for the industrial group. With this rising adding fuel to the takeover rumours that now surround LB itself, the shares up 2p yesterday at 85p, look a one-way bet.

Novo

Novo shares make expensive Christmas presents. Yesterday's interim figures from the Danish

tial of new subsidiaries consolidated since the first half.

While Black and Decker's testing and travel operations may add usefully to immediate profits, Hawley's two latest acquisitions in the U.S. constitute a significant development in the nature of the group.

Any move to lift the group's 40 per cent stake in Security Corporation of America up to a controlling interest will make Hawley one of the leading security companies in the U.S. Taken together with Oxford Building Services, it would leave it the single biggest company in the U.S. industrial cleaning sector.

The danger, for all the much vaunted comparisons between Hawley and Hanson Trust, is that the group may be tempted to overstretch its management and balance sheet. The prospects still look as good as ever for its organic expansion, however, with volume growth in its Sharps Bedroom Designs subsidiary, in particular, ensuring profitable margins.

After rights issue proceeds of £25m, this year net cash outlay of about £8m on acquisitions leaves the gearing not much higher than 17 per cent, which will fall again after this year's assets revaluation.

Pearl Assurance

Pearl Assurance has returned better than expected interim figures, with net profits up from £5.2m to £7m. Underwriting losses on its comparatively small general insurance business have been slashed, thanks mainly to the mild winter. This account is now back into net profit so this time it is not acting as a brake on the strong growth in its large life business.

In the new life business, in particular, the company has seen the benefits of the changeover to Miras - the current method of crediting tax relief on house mortgage interest.

Pearl's programme of cutting down on a top heavy branch network by orientating an inherently conservative field force is starting to show results. Life new business growth is coming from larger policies, with lower unit expenses, rather than from larger numbers of small policies.

The general insurance policies are now being more aggressively priced. This should lead to an acceleration of life profits and a steady contribution from general insurance - over time. The yield is 6 per cent.

Paris acts against petrol discounter

Continued from Page 1

ed by the Energy Minister's threat to sanction petrol discounters as he did not possess an import licence in the first place.

The Socialist Government is highly embarrassed by the price-cutting affair. It is giving the Leclerc organisation impressive nationwide free publicity ahead of the traffic-laden final weekend of August on which an estimated 3.5m petrol-hungry French motorists will be on the roads returning from their summer holidays.

The Government would like to resolve the conflict next month, when a round table meeting with all petrol distributors has been scheduled. A doubling of the allowed discounts - the 10 centimes maximum has been unchanged since 1978, since when French petrol prices have doubled - would be the preferred method of ending the price war.

Now that M. Leclerc, by mounting his challenges to government authority, has raised the temperature of the affair, that final solution is likely to be anything but quiet.

Final resolution of the Leclerc group's battle against the petrol price-fixing system of the French Government and the petrol distribution companies which observe it may have to await a judgment from the European Court of Justice.

French courts at Nanterre and Fontainebleau in the Paris region have referred to the European Court cases brought by two petrol stations - Societe STA and Rosello - against Leclerc.

The result will have implications for:

- The manner in which governments seek to control the movement and prices of goods in the market place;
- The relationship between national law and EEC law.

The petrol stations charge that Leclerc is breaking a French law of 1945 - the Government's means of controlling prices - by offering larger than officially permitted discounts.

Leclerc contends that official control of petrol prices is against EEC laws on free competition and that therefore the French law is not applicable.

The arguments centre on interpretation of Article 85 of the Treaty of Rome, establishing the EEC.

This forbids the fixing of purchase or selling prices and prohibits market-sharing, where they affect trade between the EEC member states.

Past administration of this Article by the European Commission has shown that governments have almost total freedom in the competition field provided trade is not affected. The way in which the Leclerc business is sustained by imported petrol could therefore have a decisive bearing on the attitude of the European Court.

The court will soon call for written observations on the case.

Britain to investigate Ford's licensing of replacement parts

BY JOHN GRIFFITHS IN LONDON

BRITAIN'S Office of Fair Trading (OFT) is to investigate whether Ford is acting anti-competitively over supplies of body panels to the UK replacement market.

The action by the OFT, Britain's consumer watchdog, throws into sharp focus a long-simmering controversy over the extent to which motor vehicle makers can control the manufacture and sale of replacement parts.

Its action follows complaints from two UK companies that Ford's use of copyright licences for making or selling replacement panels is intended to prevent suppliers other than Ford group companies from catering to the market.

Both companies are among about a dozen already facing legal action by Ford for allegedly selling or making "counterfeit" body panels and other parts.

Ford decided to launch the ac-

tions earlier this year, claiming that such counterfeiting is costing it "many millions" in lost business. It said its 11 per cent fall in replacement parts turnover, estimated at about £350m (£555m) last year, had been exacerbated by counterfeiting operations.

The two companies are Salop Tools and Fixtures and Factoring Services Group.

Sir Gordon Borrie, the OFT's director-general, said the investigation, under Section 3 of the Competition Act, was to establish whether Ford "has been or is pursuing a course of conduct which amounts to an anti-competitive practice."

Ford said last night that it would "co-operate fully" with the investigation. But a statement went on: "As recently as July this year, the director-general was acknowledging that under current legislation Ford has a legal right to protect its

copy right in body panels," and went on to deny that the company was acting anti-competitively.

Manufacturers see "counterfeiting" as a growing international problem. In an attempt to defeat it, Ford for one has been designing its models throughout Europe since the 1961 launch of the new Escort, to provide itself with a basis for further legal action if necessary.

The OFT expects to take at least six months for its inquiries, because of the highly complex issues involved.

These involve existing "exclusive supply" clauses between Ford and its dealers, which in common with other manufacturers require dealers to use only replacement parts made or supplied by Ford. These are shortly to become illegal.

Ford's new calendar, Page 9

UK overtakes Netherlands as largest foreign investor in U.S.

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

BRITAIN overtook the Netherlands to become the biggest foreign investor in the U.S. last year, according to figures released by the U.S. Commerce Department yesterday.

At year end UK direct investment in the U.S. stood at \$23.3bn, a surge of almost \$8bn over the \$15.5bn accumulated total at the end of 1981, the department said.

The figure for the Netherlands, for many years the biggest single foreign investing country in the U.S., fell to \$21.4bn at the end of 1982, down from \$23.1bn at end-1981.

Japan, with \$8.7bn at the end of 1982, moved into third place above West Germany with \$8.2bn. Next came Switzerland with \$4.8bn and France with \$4.7bn, down from almost \$5bn at the end of 1981.

Much of the change in the British and Dutch positions was accounted for by a shift in the way the department attributed an investment of about \$4.5bn by British Petroleum in its operations in Alaska.

Until the second quarter of 1982

the investment had been held for BP by a Dutch holding company, meaning that it was recorded by the department as a Dutch rather than a British investment. With the liquidation of the Dutch holding company last year the investment was reclassified as being of British origin.

British direct investments nevertheless moved ahead healthily in all categories - manufacturing, trade, finance, insurance, real estate and miscellaneous, as well as petroleum - department officials said.

The overall foreign direct investment in the U.S. increased 13 per cent to \$101.8bn at year-end 1982, the department said. But the \$11.4bn increase in 1982 was much smaller than the record \$22.1bn added in 1981, and below the parents' income from their U.S. affiliates fell sharply.

The investment position is the book value of foreign direct investors' equity in, and net outstanding loans to, their U.S. affiliates.

The department said factors that

deterred investment included: the prolonged economic recession in the U.S. and abroad, which depressed earnings of U.S. affiliates and their foreign parents that might have been used for investment; high interest rates, which raised the cost of borrowing funds; and the strengthening of the U.S. dollar vis-a-vis major foreign currencies during most of the year, which raised the cost to foreigners of U.S. investment.

The \$11.4bn addition to the position in 1982 consisted of capital inflows of \$10.4bn and valuation adjustments of \$1.0bn. Capital inflows consisted of equity and intercompany account inflows of \$10.6bn and negative reinvested earnings of \$0.2bn.

Equity and intercompany account flows were down \$7.7bn from record 1981 inflows, but were much larger than in any year before 1981, the department said. Two-thirds of the fall in inflows was accounted for by two exceptionally large 1981 acquisitions.

UK current account back into deficit

Continued from Page 1

forecast at the time of the budget on March 15 that there would be a surplus of £1.5bn for the year as a whole. Last year's current-account surplus was £4.1bn and that for 1981 was \$5bn.

The emergence of a substantial trade deficit at such an early stage of the recovery is worrying for the Government in spite of the continued help given by oil trade.

It puts in question the amount of help that exports may be able to contribute to recovery of the UK

economy even if world trade does pick up the 3 to 4 per cent expected for next year.

The prospect of a weak current account would also make it less easy for the authorities to cut UK interest rates much below those ruling in the U.S., without risking a sharp slide in the value of sterling.

With the pound at its present high level against a trade-weighted basket of currencies, some depreciation might even be welcome.

However, the Government would be

most unwilling to risk a slide similar to that which started last November.

Those fears were allayed by an apparently better trend of exports in the autumn of 1982, but subsequent figures give little comfort to the markets.

Sterling ran into a sharp flurry of selling on the currency markets after the figures were announced, only to pick up by the end of the day as New York credit markets showed further signs of easing.

Libyans seek foreign finance

Continued from Page 1

projects. If export credits are needed to win credits in Libya, then the pressure to provide them will be all the greater.

Although the fertiliser project is the first for which Libya has sought 100 per cent external financing, there are one or two other projects in the pipeline where export credits are being sought to partially finance a project - despite the obvious political strings attached.

Novo profits surge 58% at midway

BY HILARY BARNES IN COPENHAGEN

NOVO, the Danish pharmaceuticals and enzymes manufacturer, saw its profits surge ahead in the first half, with earnings before tax increasing by 52 per cent from DKK 307m to DKK 467m (\$40.2m) and net profits by 58 per cent from DKK 228m to DKK 357m excluding extraordinary income.

Profit growth was well ahead of sales, which increased by 20 per cent to DKK 1.63bn. Earnings per share were up by 50 per cent to DKK 74.76 (\$1.64 per American depositary share).

Sales of pharmaceuticals increased slightly faster than total sales, with insulin sales leading the

growth. Volume growth accounted for more than half the increase in pharmaceutical sales.

Novo's human insulin is now on sales in 10 countries. It forms a small but growing share of total insulin sales, the company said.

Enzyme division sales increased by almost 20 per cent, excluding income from high fructose corn syrup production. There was an especially strong increase in the sale of liquid enzymes for detergent production in the U.S. Corn syrup enzyme sales were in line with the strong first half of 1982.

Capital expenditure increased by DKK 207m to DKK 260m and may

reach DKK 600m for the year, bringing stream new enzyme purification plants, expanding insulin extraction facilities and increasing research and development facilities and administrative facilities in Denmark.

It will also include investment to increase the flexibility of the company's enzymes manufacturing plant in North Carolina. A site for an enzyme production plant has also been acquired in Japan.

A new insulin pilot plant is being built in Denmark. The company said this is intended to upgrade insulin production.

See Lex, this page

World Weather

Area	F	C	Area	F	C	Area	F	C	Area	F	C
Algeria	72	22	London	68	20	Madrid	72	22	Paris	72	22
Alexandria	72	22	Lyons	68	20	Rome	72	22	Stockholm	68	20
Amman	72	22	Munich	68	20	Sofia	72	22	Warsaw	68	20
Baghdad	72	22	Nuremberg	68	20	Tbilisi	72	22	Vienna	68	20
Bangkok	72	22	Regensburg	68	20	Tokyo	72	22	Zurich	68	20
Bombay	72	22	Salzburg	68	20	Urumqi	72	22			
Buenos Aires	72	22	Stuttgart	68	20						
Calcutta	72	22	Ulm	68	20						
Cardiff	72	22	Worms	68	20						
Cairo	72	22	Würzburg	68	20						
Canton	72	22									
Cebu	72	22									
Colon	72	22									
Dacca	72	22									
Dhaka	72	22									
Hankow	72	22									
Hong Kong	72	22									
Kobe	72	22									
London	68	20									
Lyons	68	20									
Madrid	72	22									
Moscow	68	20									
Munich	68	20									
Nuremberg	68	20									
Paris	72	22									
Regensburg	68	20									
Salzburg	68	20									
Stuttgart	68	20									
Ulm	68	20									
Vienna	68	20									
Warsaw	68	20									
Worms	68	20									
Würzburg	68	20									
Zurich	68	20									

Headings at mid-day yesterday

C-Clearly D-Drizzle F-Fair T-Thunder S-Sun St-Storm W-Wind

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SECTION II - INTERNATIONAL COMPANIES FINANCIAL TIMES

Thursday August 25 1983



U.S. Shoe profits increase by 65%

By Terry Byland in New York

THE GATHERING pace of the upturn in U.S. consumer spending was indicated yesterday in the announcement of a 65 per cent jump to \$13.4m in the second quarter earnings at U.S. Shoe, the Cincinnati-based footwear and clothing retailer. Sales also accelerated in the second quarter to show a 22 per cent gain to \$359.6m.

For the first five years, U.S. Shoe is showing a gain of 45 per cent to \$24.8m in net earnings on sales 21 per cent ahead at \$699.1m.

The Board commented that profits had been boosted by higher sales and earnings from footwear operations and a "share gain" at the specialty retailing operations, both measured against depressed trading conditions in 1982.

Despite the difficult trading in consumer markets over the past two years, U.S. Shoes has reported successive record annual profits since 1971. The gain in sales and earnings in the first half year indicates that the group is above target levels.

International Thomson up in first half

By Our Financial Staff

BUILDING on good first quarter gains, International Thomson has produced a sharp rise in net profits for the first six months of 1983.

Trading in both the UK and North America has been buoyant, and net income for the half year emerged at £28.6m (\$40.4m), against £16.5m in the first half of 1982.

In the UK, profits from North Sea trading have continued to run ahead of budget. Thomson travel profits are significantly higher and the group's regional press operations have started to benefit from recent cost cutting.

In North America, the company stresses that its information and publishing operations are showing a major increase. The recently acquired American Banker and Bond Buyer magazines are performing strongly.

Travel business in the U.S. has improved, although on the West Coast the company's travel side continues to lose money.

Billerud buys 49% stake in Dürbeck

By Our Stockholm Correspondent

BILLERUD, the Swedish pulp, paper and packaging group, has announced it will acquire a 49 per cent interest in the manufacturing plant of Walter Dürbeck, a private West German paper and plastic sack company, for an unspecified sum.

The company is expanding its presence on the German market as a supplier of raw materials, said Mr Gunnar Haglund, Billerud finance director, and needs a foot in the door of manufacturing.

Billerud's major competitors on the German market, the Swedish companies Korms and Fiske By, have recently made similar moves, he explained.

Richard Lambert analyses Wall Street's response to the London Stock Exchange's deal with the UK Government

U.S. investment banks lay plans to squeeze City

A NUMBER of leading Wall Street investment banks are substantially expanding their London operations. Several, however, have expressed surprise and disappointment at the London Stock Exchange's recent deal with the UK Government, which means that they will not have open access to the London stock market.

But most believe that this agreement will not last, and are in any event set on a course of action which could squeeze both the stock broking and merchant banking community in London.

The investment banks are already major players in the Eurobond market, a business in which London securities firms have a negligible presence. They have taken a substantial share of the vast increase in flow of European investment into securities in recent years, and now they are moving into other activities, like international mergers and acquisitions, foreign exchange, and the trading of non-dollar securities.

According to Mr Thomas Strauss, a managing director of Salomon Brothers, the most obvious explanation for this growing presence in London is that the Eurobond market has become increasingly intertwined with the U.S. capital market, and the strength of the dollar has created a demand for dollar denominated securities on a broader basis overseas.

Salomon's Eurobond underwritings last year exceeded its do-

estic volume for the first time. The firm sees its London office as a small version of its Wall Street operation, which means among other things that it is an active market maker in non-dollar equities - mainly Japanese - and in gilts.

Morgan Guaranty is also putting substantially greater resources behind its London merchant bank, which it established in 1979 and which now ranks among the top half dozen Eurobond underwriters.

Mr Roberto Mendoza, a senior vice president of their funding services group, says that the increasing complexity of client financing is giving an advantage to firms with a broad range of capabilities, and with enough capital to cope with the growing volatility of financial markets.

On the equity trading side, Merrill Lynch has established a strong position as a market maker in gold shares. Goldman Sachs is also active in this area, has a strong position in Japanese securities, and is developing markets in the more heavily capitalised European stocks.

Mr John Whitehead, Goldman's co-chairman, has made no secret of his firm's ambition over time to be as important in each of the countries where it does business as it already is in the U.S.

"We see it as a big profit opportunity," he says. "We see that the kind of sophisticated financial services that we now offer in the U.S. are somehow rarer elsewhere around

the world. We see that in many areas the competition is less intense, and we see that these services are readily marketable."

Other firms have similar goals. Mr Geoffrey Elliott, a former managing director of S.G. Warburg who is now a managing director of Morgan Stanley, says that his firm has for many years been an investment bank with an important international business. "What we have now become is an important international investment bank."

Merrill Lynch has recently integrated its main international units into its capital markets group to recognise the increasingly global nature of the financing and trading markets. Around three years ago, it flirted with the idea of buying a London merchant bank, and although that came to nothing, Merrill Lynch says the experience has not changed its attitude towards international diversification.

One sign of the times in London came during the recent big take-over bid by BTR for Tilling. The defending camp hired Goldman Sachs, while BTR consulted with the heavy volume of trading recent-

ly in UK shares like ICI and Glaxo in the form of American depository receipts. When U.S. investors want UK equities, it seems they are at least as likely to go to the American stock exchange as they are to the London Stock Exchange.

Mr Elliott says that Morgan Stanley will not be competing directly with the London merchant banks in the mainstream of their business. All the same, the firm is becoming increasingly active out of London in the more complex kind of financing transaction - such as interest rate and currency swaps - and expects

to increase its headcount there during the next couple of years from around 140 to more than 200.

Lehman Brothers Kuhn Loeb is also on the recruiting trail. It had a bad time in the Eurobond business in the late 1970s, and its London office had been cut back to about 30 people by the end of 1981.

Its numbers are now up to around 100, and in recent weeks it has taken on a number of people in London and New York who specialise in trading non-dollar equities as principals. Mr Stephen Bershad, the partner in charge of international operations, says that it will be de-

veloping this activity in London, New York, and Tokyo. "Around the world, we are going to be making markets as principals in international equities - largely yen, but also sterling, guilders and other stocks."

He says Lehman would have been interested in participating in the London Stock Exchange if that had been possible. "I don't believe that whatever is resolved this time around is going to be the final structure of that market," he adds.

Goldman's Mr Whitehead says he is not sure whether his firm would have wanted to move into the London Stock Exchange. "But it would have been an option, and we are disappointed at the decision."

According to another leading banker, "it's somewhat inconsistent to promote The City of London as the European centre for all capital markets, and then restrict your own domestic market."

Another common view is that the separation of jobbers and brokers cannot be maintained.

"Why haven't the Europeans taken on a position in Japanese market making?" queries Mr Michael Cotes, head of international investment banking at Goldman Sachs. "The structure of the U.S. industry is helpful to us. A London broking firm working through the jobbing system doesn't have the risk taking ethic that we have."

The U.S. investment banks have built up substantial capital in re-

cent years. Partners' capital and subordinated liabilities at Goldman Sachs comes to \$478m, while Lehman Brothers' capital base has soared from a low of around \$15m in the early 1970s to well over \$200m. Firms like this are now aggressively exporting their capital base to get more business.

Of course this is not the first time the U.S. financial community has tried to break into the traditional preserves of London's merchant banks. Most of the big money centre banks, with the exception of Morgan Guaranty, set up London merchant banking operations in the mid-1970s and several tried to expand into areas such as the issuing business and domestic mergers and acquisitions.

Several of these ventures lost substantial sums of money and dented the reputations of their parents. In several cases new capital had to be injected after local management ran up big losses in sectors such as the UK property market. Most of the merchant banking operations owned by the big U.S. banks have been restructured in recent years and are far less independent than was the case when they were first set up. Their emphasis has also been switched more to international business, as opposed to the domestic UK market.

However, this time the invasion of the UK financial markets is being led by the U.S. investment banking community.

Earnings decline for SKF at midway

By David Brown in Stockholm

SKF, the Swedish roller bearing and engineering group, has reported a decline in profits before taxes, special items and exchange differences for the first half of 1983 to SKr 270m (\$34.7m) from the SKr 444m achieved during the same period last year.

Sales amounted to SKr 85m, a 9 per cent increase over the half year level in 1982. On the basis of a continued economic upturn in the U.S. and Europe, the group predicts year end results "of the same order" as the SKr 857m reported in 1982.

Despite signs of economic improvement, market demand remained low particularly in the bearing sector. Higher operating costs stemming from idle capacity and short-term work more than offset the sales rise. Operating profit fell from SKr 842m to SKr 705m.

The roller bearings division, which accounts for about three quarters of total group sales, reported a relative drop in volume. However, the group expected that demand upturn - which it already notes in the European car industry for example - would soak up the current product glut and allow it to reopen some production facilities. Bearing sales climbed 12 per cent to SKr 50m, and income was down from SKr 305m to SKr 246m.

The steel division has shown slight profits since March, but heavy losses in the first two months produced a SKr 190m sales drop to SKr 1.2m from the corresponding level last year.

The division reported a loss of SKr 31m, a slight improvement over the SKr 37m in the first quarter but a decline from the SKr 41m profit achieved during the six months last year.

● Sandvik, the Swedish tool and special steel group has reported a pre-tax loss of SKr 54m for the first half of 1983, compared with a profit of SKr 90m during the same period last year. Sales grew 4 per cent to SKr 4.8m.

The decline is entirely due to unexpected exchange losses of SKr 218m incurred by a top executive and discovered two weeks ago after an internal audit.

Most of the losses, SKr 158m, have been charged against the six months' results together with non-recurring restructuring costs of SKr 115m. A further SKr 60m will be charged against the full year's figures.

Strong advance in Norsk Data turnover

BY FAY GJESTER IN OSLO

NORSK DATA, the Norwegian computer manufacturer, achieved sharply increased turnover and profits in the first half of 1983, compared with the same period last year. As in earlier years, however, the company expects sales and profits to be even higher in the current half of the year than in January-June.

First half pre-tax profits almost doubled to Nkr 24.7m, CS3.35m from Nkr 12.7m in the first half of 1982 and Nkr 70.4m for the whole of last year. Total operating income was Nkr 308.8m, against Nkr 250m and Nkr 611.2m in the whole of 1982.

Orders booked in the six months - for hardware, software and maintenance - were worth Nkr 378m, 42 per cent up.

The company attributes the good results mainly to higher margins

and lower financial costs. There has been demand for its 32 bit computer, the NDS90, particularly in the UK and the U.S.

At the same time, however, it has been developing software which has helped boost sales of its 16 bit model, the ND100. Although its market share has been growing in Norway, the most marked increase in sales has been in export markets, primarily in Sweden, the UK and U.S.

A successful sale issue in the U.S. helped increase equity to Nkr 64m at end June from Nkr 286m six months earlier. Total assets rose to Nkr 1.03bn from Nkr 628m.

Group liquidity is described as "very good," with bank deposits and short term receivables totalling Nkr 610m at end June this year. The company is quoted on the Oslo, Stockholm, London and New York stock markets.

Toyota's income at \$823m

TOKYO - Toyota Motor Corporation announced yesterday that its consolidated net income for the year to June 30 totalled ¥201.4bn (\$823.5m).

Direct year-on-year comparisons were not possible, because the figures covered the first year of operation of the company formed on July 1, 1982 through the merger of Toyota Motor, the manufacturing arm of the world's second-largest auto group, and Toyota Motor Sales, its sales arm.

A year earlier, Toyota Motor alone had reported consolidated net income of ¥141.5bn and sales of ¥349.9bn.

Earnings per share for the new company came to ¥82.27, on sales of ¥4,893.9bn. In the previous year Toyota Motor alone had posted earnings per share of ¥70.33 yen.

Toyota Motor has announced a total final dividend of ¥8 a share, including a ¥1 commemorative dividend celebrating the merger of the concern's two predecessors.

A year earlier, Toyota Motor had paid a final dividend of ¥7 a share, while Toyota Motor Sales paid a final dividend for its fiscal year ended March 31 of ¥5.5 a share.

For the current year Toyota Motor expects parent company pre-tax profits for the year ending June 30 1984 to exceed ¥400bn.

● Toyota Motor and Fumitsu Ten of Japan claim to have jointly developed the world's first digital audio disc player for use in cars and plan to put it on sale on the domestic market later this year. Agencies

Harnischfeger cuts third-quarter loss

BY OUR NEW YORK CORRESPONDENT

HARNISCHFEGER, the Milwaukee manufacturer of mining and earth moving equipment in which Kobe Steel of Japan has a 10 per cent stake, halved its losses in the third quarter and hopes to improve results substantially in the last quarter.

Last year the group suffered a deficit of \$76.5m as its capital equipment markets continued to report depressed trading conditions.

For the first nine months of this year, Harnischfeger has turned in net losses of \$35.2m or \$3.53 a share against a loss of \$18.8m or \$1.30 a share.

The three months to July 31 brought a loss of \$3.7m or 87 cents a share against \$13.9m or \$1.39 a share in the last comparable quarter. Revenue for the quarter eased from \$98.3m to \$96.3m.

Mr Henry Harnischfeger, the chairman, said that the general improvement in U.S. industrial output is starting to translate into orders for the group's materials handling equipment and automatic systems divisions.

Harnischfeger, which takes one-third of its sales from materials handling, another third from the construction industry, and the remainder from the mining and electrical sectors, agreed in July on a restructuring plan for its \$143m debt and a further \$32.5m debt at its finance subsidiary.

Luxury Italian hotel chain boosts revenue

By Rupert Cornwell in Rome

CIGA Hotels, the luxury Italian hotel chain controlled by the financier Sig Orazio Bagnasco, has reported a substantial rise in first half revenue to L181m (\$51.8m) from L158m in the same period of 1982.

Assuming that something like this 38 per cent growth in turnover is maintained in the second part of 1983, the prospects are good that Ciga will achieve a considerable growth in profits, after the L225m of 1982 on sales of L112bn.

Major new developments are expected this autumn. Ciga has indicated that it is close to announcing an important franchising arrangement in the U.S. A considerable refurbishing programme at some of its main hotels in Italy is in progress.

Volvo set to lift output

BY WALTER ELLIS IN AMSTERDAM

VOLVO CAR, the Dutch state-owned auto manufacturer, expects to have produced more than 100,000 cars between January and December this year - an increase of 10 per cent on 1982 and enough, it is thought, to take the company out of the red for the first time in several years.

In 1982, Volvo lost nearly £15m (\$5.1m), following a deficit of £129m in 1981. This year, however, Volvo of Sweden, with which the Dutch company shares its marketing, and the government in The Hague came

up with a package worth F1 618m to help it develop a new saloon model.

The aid, to be paid in two instalments, represents a considerable vote of confidence in Volvo's ability to compete with the major carmakers of Europe and Japan and has already brought about a slight increase in the workforce, in Eindhoven, to 5,640.

Yesterday Volvo Car introduced the latest version of its highly successful 300 series - a sedan which it feels will complete the 300 model range.

Belgian arms group set to slide into red

BY PAUL CHEESERIGHT IN BRUSSELS

FABRIQUE Nationale Herstal (FN), the major Belgian arms manufacturer, faced difficult trading conditions during 1982 and directors doubt the company will return a profit for the current 12 months.

Shareholders will receive no dividend for 1982, when the Belgian side of the business recorded a sharp drop in profits to Bfr 8m (\$153,840) from Bfr 102m in 1981. Worldwide the FN group had a consolidated loss of Bfr 116.9m after profits in 1981 of Bfr 120.8m.

Lack of profitability prevents the group from calling on the shareholders for more funds says Mr Andre Dubuisson, the company's president. In recent months there has been a procession of Belgian companies making share issues to take advantage of the tax concession granted by the Government to encourage capital raising.

FN ran into severe difficulties in the second half of last year and the prospects have stayed lean for the greater part of its business this year.

On an international basis, 38 per cent of FN business is in armaments, where its speciality is light weapons, 34 per cent is in aeronautics, largely the manufacture of Pratt and Whitney engines for F-16 fighter aircraft, and 26 per cent is in

sports goods. The centrepiece of its sports activities is the Browning company, well-known for its hunting weapons.

But last year, out of total group turnover of Bfr 23.5bn, nearly Bfr 23bn came from the Belgian end of the business - 48 per cent on armaments, 41 per cent on aeronautics and 10 per cent on leisure goods.

This year the armaments and aeronautics side is running under capacity, although Browning should have a better year. The pick-up at Browning in the U.S. started early in the year, slackened in April and the resumed again in May.

Arms orders started dropping off in the second half of 1982 and the trend was confirmed in the first half of this year.

Aero-engine manufacture remains caught in the doldrums of the aviation industry generally. Although the Belgian Government is to buy 44 new F-10 fighters for which FN will make the F-100 engine, the benefits of that will not show up in the group's figures this year.

Deliveries of F-100 engines this year have in any case been put back by the necessity to make a small technical modification decided by Pratt and Whitney.

The lower level of orders has

meant that FN has had to increase part-time working, which has resulted in a fall of productivity, executives explained. At the same time it has been forced to carry a high level of stocks.

The annual report shows that stocks were valued at Bfr 11.2bn at the end of last year, slightly lower than the Bfr 11.8bn registered at the end of 1981. But there has been an increase in the first half of this year, partly as a result of the F-100 engine changes.

By the end of the year, according to Mr Michael Vanderstrick, the managing director, it is hoped to reduce stock levels by some Bfr 500m from the end 1982 figure.

Problems have been compounded by invoicing difficulties following reluctance of some customers to take delivery. This meant that revenue coming in this year could, by the end of June, be 20 per cent below budget.

Internal studies at FN suggest the problem should be overcome towards the end of 1983 so that Belgian turnover could exceed Bfr 23bn for the whole of this year. The budgeted target is Bfr 23.8bn.

The difficulties in the traditional part of the FN business have forced the group to rein back on diversifi-

cation, although Bfr 600m, 36 per cent less than in 1982, will be spent on plant modernisation and industrial investment this year.

The diversification programme has in any case cost more than FN predicted. FN Manufacturing, a U.S. unit, but production problems with machine gun production, and LERC in France has found it difficult to make an early success of fishing rod manufacture.

But financially, the group's position has been shored up by a subordinated loan of Bfr 500m from Societe Generale de Belgique, the country's major financial holding company, which is the biggest shareholder in the group with 24.9 per cent.

Total debt had reached Bfr 21.8bn at the end of 1982. Bfr 726m more than a year before. Financial charges weigh heavily on the Belgian company - they were Bfr 1.43bn last year, or the equivalent of 6.2 per cent of turnover. In 1977-78, financial charges represented 2.8 per cent of turnover.

No radical improvement in the group's fortunes can be expected until the international economy turns up. Over 80 per cent of its business is outside the EEC.

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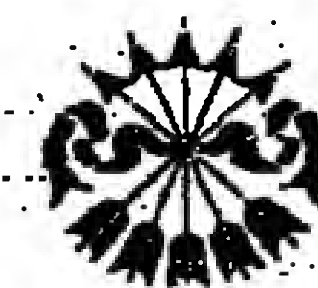
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August 25, 1983

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Morgan Grenfell & Co. Limited
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25 August 1983

INTL. COMPANIES & FINANCE

Further growth at Liberty Life in first six months

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA'S largest quoted life assurance company, Liberty Life, has maintained its strong growth record in the six months ended June 30 1983.

Premium income was R207.6m (\$185.8m) against R173.7m in the first half of 1982. Net taxed profit from life assurance operations rose to R14.2m from R12m in the first half of last year.

For all 1982 the company had premium income, net of reinsurance, of R233m and a taxed profit from life assurance operations of R28.3m.

Mr Donald Gordon, the chairman, says that during the first

six months of this year new annualised premiums rose by 24.7 per cent to a record R45.9m. This, he says, compares with the previous record of R36.8m achieved in the first half of 1982.

In recent weeks, following the acquisition of SA Breweries by the Premier Group, which Liberty helped to bring about, the assurance company appears to have been moving towards the Anglo-American sphere of corporate influence. The company's concern will neither confirm nor deny speculation that an eventual merger is planned between Liberty and Anglo's life assurance subsidiary, Anglo American Life.

Such a merger would result in an insurance grouping whose size would match the country's two largest insurance companies, Old Mutual and Sanlam. Another rumour doing the rounds of the Johannesburg stock exchange is that Liberty is to acquire control of Standard Bank Investment Corp (Stabic) from Standard Chartered of the UK.

The interim dividend has been increased to 88 cents a share from 72 cents while first-half earnings rose to 119.3 cents a share from 99.1 cents. Last year's total earnings were 238.5 cents from which total dividends of 172 cents a share were paid.

Mitsukoshi plans store sale to reduce debt

By Yoko Shibata in Tokyo

MITSUBISHI Japan's most prestigious department store operator, has decided to sell one of its key branches in order to reduce debt. Last week the company reported a larger-than-expected interim pre-tax loss of ¥3.5bn (\$14.4m), passed its mid-term dividend, and said that sales are currently 10 per cent down on last year's level.

The branch to be sold is in Kobe, a major industrial city in the south of the country. Set up in 1925 and with a sales floor area of almost 9,500 sq metres, the branch has been in difficulties for some time. In the year to March its sales fell by 14.6 per cent to ¥8.5bn, leading to an operating loss of ¥6.2bn.

The sale, to Hasegawa Komuten, a leading property developer, is due to take place by the end of next February. Mitsukoshi is clearly hoping to use the revenues generated to cover the Kobe store's accumulated debts of ¥7bn.

With disposable incomes in Japan having remained static for almost three years, Mitsukoshi is having to reconsider its sales strategy as consumer demand moves away from goods towards leisure and services. A scandal involving the former president of the company Mr Shigeru Okada, has also damaged its reputation.

Mitsukoshi is now urgently considering sweeping changes to the way its stores are run and has been obliged to place management efficiency ahead of status. The company is a member of the Mitsu group and was founded in the 1870s.

Alcan to resume NSW potline project

BY OUR JOHANNESBURG CORRESPONDENT

ALCAN AUSTRALIA is to go ahead with the construction of a third 45,000 tonne a year capacity potline at its Kurri Kurri, New South Wales, aluminium smelter, reports Reuter from Sydney.

Work on the A\$200 (US\$177.7m) potline is expected to start up by the end of this year and production should begin towards the end of 1984.

Alcan recently said it was re-examining the mothballed project on which it deferred construction in April 1982 because of the downturn in world aluminium demand. Alcan is 70 per cent owned by Alcan Aluminium of Canada.

Date fixed for Trust Bank lifeboat loan repayment

BY OUR JOHANNESBURG CORRESPONDENT

TRUST BANK, South Africa's fifth largest banking group, appears to be gaining confidence and the present management, which was brought in to save the bank from collapse six years ago, has for the first time partially disclosed the bank's true performance.

In the year ended June, Trust increased profits before transfers to inner reserves by 59 per cent. The precise figure is not revealed, but disclosed income after transfers to inner reserves and before preference dividends rose by 24 per cent to R37.3m (\$33.4m).

The date fixed for final repayment of the lifeboat loan ex-

tended by the South African Reserve Bank six years ago has been set for March 1985. Once this is repaid in full the bank will be able to resume dividend payments.

Mr Chris Van Wyk, the managing director, says that the first dividend due to be declared at the June 30 1985 year-end will be conservative. Trust, he says, has sold a sufficiently large part of its troubled property portfolio and increased its capital base to such an extent that the property exposure is now a relatively unimportant part of total assets. He adds that the capital base is now more than adequate.

Assets almost doubled at Bahrain OBU

BY MARY FRINGS IN BAHRAIN

BAHRAIN MIDDLE EAST BANK (BMB) which started operations as an offshore banking unit (OBU) earlier this year, has reported an almost doubling of total assets at the end of the first half of 1983, to U.S.\$207m from \$123m at the end of 1982. Paid-up capital, retained earnings and reserves amounted to \$117m.

Investments shown at just over \$8m include BMB's 25 per cent shareholding in Gulf Guarantee Trust, a small London deposit-taker but the acquisition last year of 11 per cent of Grindlays Holdings, for some \$10m no longer appears on BMB's books.

The bank was unable to ratify the transaction under

Bahraini laws as the purchase was made prior to its date of incorporation and the investment has been deemed to have been made by certain directors of the bank in their personal capacities.

Consolidated net earnings at the National Bank of Bahrain (including its offshore banking unit and a branch in Abu

Dhabi) amounted to BD 6.1m (\$16.2m) up 19.2 per cent on the June 1982 result and compared with BD 11.4m for all of 1982.

Total assets (excluding contra items) have risen by 19 per cent to BD 531m since end 1982. Loans, advances and overdrafts increased by 10 per cent to BD 199m.

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Al Baraka International	9 1/2%	Heritable & Gen. Trust	9 1/2%
Allied Irish Bank	9 1/2%	Hill Samuel	9 1/2%
Amro Bank	9 1/2%	C. Hoare & Co.	9 1/2%
Ansbacher	9 1/2%	Hongkong & Shanghai	9 1/2%
Arthur J. Latham	9 1/2%	Kingsnorth Trust Ltd.	11 %
Armedo Trust Ltd.	9 1/2%	Knowsley & Co. Ltd.	10 %
Associates Cap. Corp.	9 1/2%	Lloyds Bank	9 1/2%
Banco de Bilbao	9 1/2%	Mallinham Limited	9 1/2%
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Cedar Holdings	10 %	Westpac Banking Corp.	9 1/2%
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Choulatons	10 1/2%	Williams & Glyn's	9 1/2%
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Exeter Trust Ltd.	10 1/2%		
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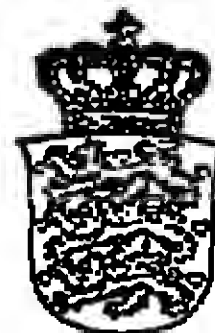
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London Branch

June 1983



THE KINGDOM OF DENMARK

U.S.\$100,000,000

Floating Rate Notes due 1992

In accordance with the provisions of the Notes and the Agent Bank Agreement between The Kingdom of Denmark and Citibank, N.A., dated February 12, 1982, notice is hereby given that the Rate of Interest has been fixed at 10 1/2% pa and that the interest payable on the relevant Interest Payment Date, February 27, 1984, against Coupon No. 4 will be U.S.\$548.96.

August 25, 1983, London
By: Citibank, N.A. (CSSI Dept), Agent Bank

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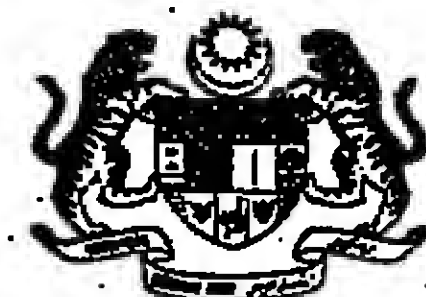
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of which U.S. \$500,000,000 is being issued as the Initial Tranche

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 25th August, 1983 to 27th February, 1984 the Notes will carry an Interest Rate of 10 1/2% per annum. The interest amount payable on the relevant Interest Payment Date which will be 27th February, 1984 is U.S. \$352.19 for each Note of U.S. \$10,000.

Credit Suisse First Boston Limited
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UK COMPANY NEWS

KCA Drilling lower midterm

A fall in interim taxable profits from £3.64m to £2.29m, on lower turnover of £19.41m against £21.02m, is reported by the KCA Drilling Group, drilling contractor.

Tax for the six months to the end of June 1983 took £1.27m (1.85m) to leave £2.02m (1.76m). There was an extraordinary debit last time of £241,000, and earnings per share before this were given as 2.518p compared with 2.221p.

The group's worldwide drilling activities continued at a satisfactory level during the period, say the directors, and the new North Sea platform rig was successfully mobilised and began contributing to revenue from May.

In August KCA International agreed to sell its 75 per cent holding in KCA Drilling to Rosco, a private company owned by six of the group's executives. Rosco will make an offer for the remaining 25 per cent at 37p per share.

To reduce expenses of the proposals the group intends to effect a capital reconstruction, subject to approval at an AGM convened for September 16. At the meeting shareholders will be asked to approve payment of an interim dividend of 1.5p payable on the new ordinary of 1p, to be allotted by way of a bonus issue in respect of the current financial year.

Webber Electro higher midway: £0.5m rights

Electrical component manufacturer Webber Electro Components has announced higher half year pre-tax profits of £153,560, against £103,541, and plans to raise £518,143 gross via a rights issue on a one-for-seven basis at 120p to £1.2m.

In the six months to March 31 1983 turnover increased to £536,945 (£460,349) and trading profits were £150,252 against £97,785, with the pre-tax result struck after interest receivable of £2,338 (£5,776).

The interim dividend is maintained at 1.75p and the directors expect to hold the final at 1.75p net on the enlarged capital.

They say that exports have increased significantly as a percentage of sales, adding that the company has decided to diversify over the next two years into design and manufacture of electronic controls associated with the installation of solenoid valves.

The improved trading conditions have continued to date.

Yearlings at £17m

Yearling bonds totalling £17m at 10 1/2 per cent redeemable on August 29 1984 have been issued this week by the following local authorities:

Cheltenham Borough Council £0.5m; Dumfries District Council £0.5m; Tynes and Wear County Council £1m; Abernethy Borough Council £0.5m; Newham (London Borough of) £2m; Ogwr Borough Council £0.25m; Taff Ely Borough Council £0.5m; Cheshire (Borough of) £0.5m; Lambeth (London Borough of) £1m; Southwark (London Borough of) £2m; Buckinghamshire County Council £1m; Gillingham Borough Council £0.5m; Hart District Council £0.25m; Scarborough Borough Council £0.5m; Dudley Metropolitan Borough Council £1m; Islington (London Borough of) £2m; Cleveland County Council £1m.

Pearl Assurance climbs to £7m at six months

HIGHER PROFITS from all life assurance operations, together with improved investment income and lower underwriting losses on general insurance, resulted in net profits of Pearl Assurance climbing by one-third in the first half of this year from £3.24m to £7.01m.

The net interim dividend is lifted from 9.5p to 12p, but the company states that part of this increase is intended to re-establish a more even distribution of dividends over the year. However, the directors are forecasting a final dividend of not less than last year's final of 18p.

On the various life assurance operations, the profit contribution from the industrial branch is lifted 24 per cent to £2.83m, while the ordinary branch, which with a near 20 per cent rise to £2.2m, the linked life subsidiaries are following their first dividend of 10p for the year with an interim dividend of £250,000.

Underwriting losses in the general branch were cut from £5.64m to £3.65m with premium income rising 11 per cent to £36.70m. Investment income improved marginally from £4.19m to £4.35m, so that a pre-tax profit of £7,000,000 was achieved in the period compared

with a £1.45m loss for the first half of last year. The after-tax profit amounted to £570,000 against a loss of £530,000 last year.

The better weather this past winter resulted in a fall in the number of weather claims and led to underwriting losses decreasing from £4.74m to £2.88m. Losses on sure property contracts, which accounts for three quarters of the UK portfolio, dropped from £3.34m to £1.64m, most of which came from theft losses on contents. The loss in the motor account was significantly lower at £540,000 against £560,000 even though the company has not increased motor insurance premiums since October 1981.

Underwriting losses on overseas business and reinsurance rose slightly from £900,000 to £960,000.

The company had a successful half year for new life business. The industrial branch showed a 17 per cent rise in new annual premiums from £1.95m to £2.28m, while the ordinary branch premiums slipped nearly 14 per cent from £2.83m to £2.46m.

The company points out that concentration on MVAS has led to a reduction in linked business.

spectacular, with new annual premiums more than doubling from £5.85m to £11.34m.

The company has benefited from the changeover to MIRAS the new method of granting tax relief on house mortgage interest, even though it was not on the panel of any special building society scheme. New annual premiums on sales of the related mortgage contracts connected with the company's own house purchase scheme and some business not connected with house purchases rose from £1.5m to £1.8m.

Elsewhere in the ordinary branch, new annual premiums on self-employed pensions climbed 20 per cent to £1.8m. Single premium business was slightly higher at £8.36m against £8.25m.

Unit-linked business was patchy over the period, with single premiums climbing nearly two-thirds from £1.95m to £2.63m, but new business premiums slipped nearly 14 per cent from £2.83m to £2.46m.

The company points out that concentration on MVAS has led to a reduction in linked business.

See Lex

Floyd Oil rights to raise £3m

Floyd Oil Participations is raising £3.03m net by way of a rights issue of 3.5m ordinary 10p shares on the basis of two new shares at 82p each for every seven ordinary shares, founders shares or subscription warrants held on July 29 1983.

Following the announcement, Floyd's shares, which are traded on the Unlisted Securities Market, fell 10p to 99p. The issue, the third since its formation in 1979, is chiefly to finance oil exploration in the East Midlands, where it holds a 25 per cent stake in 12 production licences totalling about 620,000 acres. The licences are jointly held with British Petroleum, British Gas and Canadian.

The consortium plans to drill 25 wells, the first of which it sank last spring. Three failed to show the presence of oil in commercial quantities but the fourth, at Farleys Wood, flowed at an initial rate of 1,000 barrels per day (bpd).

Floyds says it is too early to predict long-term flow rates, but the well is currently producing 200 bpd through a variable choke.

The company also holds a 50 per cent interest with Canada in four exploration licences covering nearly 400,000 acres on the edge of the Wash.

Mr J. K. Floyd, group chairman, said yesterday: "Floyd Oil's onshore programme in the UK, the success of which to date is evidenced by recent developments at Farleys Wood, will require additional funds over the next two years to carry out extensive exploratory seismic surveys and drilling necessary for further evaluation of its East Midlands and Wash licence interests."

The directors estimate that turnover for the year to June 1983 will rise from £120,246 to £350,000, while pre-tax profits will decline from £89,923 to £50,000. The decrease is after an £50,000 loss due to the disposal of a North American well. Profits before tax for the six months to December 1982 were £55,528 against losses of £35,540.

comment

As an embryonic young oil company, Floyd Oil has apologised for its rocky profits record. It points instead to a steep rise in its share of production income from £48,000 to £350,000 over the past three years, all of which has come from North America. If its hopes for the East Midlands interests turn out as the Farleys Wood well suggests they might, profits could follow a similar path. The geological indications are good.

The only other Aberdeen-based

investment trust, Scottish Northern, is believed to be one of the few remaining investment trusts which are not controlled by solicitors or accountants' offices.

The reconstruction brings to an end a period of upheaval in the trust which is managed by a professional investment manager, Scottish Investment Trust, since 1981. Earlier this year, East of Scotland Investment Managers lost control of the trust and General Trust, whose transformation into a unit trust was completed on Monday, in May, it surrendered the management of the Pentland Investment Trust after losing narrowly a bitter takeover battle with the City-based Throgmorton Trust.

Dura Mill

Pre-tax profits of Dura Mill improved from £3,589 to £3,792 for the year to March 31 1983 from turnover ahead at £789,050, compared with £760,857. The dividend is set at 0.8p net. Earnings amounted to 1.67p per share. This compares with 6.97p, a figure which was inflated by a transfer from deferred tax in respect of a market relief from a takeover. Tax paid £638 (added £10,391).

comment

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Hawley at £5.1m and raises payout

FOR THE six months to the end of June 1983 Hawley Group has produced pre-tax profits of £5.1m on turnover of £51.37m. In the comparable period the taxable surplus amounted to £1.66m, and turnover came to £16.6m. The net interim dividend has been lifted from 1.2p to 1.35p.

In the last full year pre-tax profits stood at £2.35m. The directors point out that figures for 1982 have been restated to reflect the demerger of the group's amusement division into Ruffler and Deith Holdings.

Trading conditions during the period have been generally good and continue to be so, say the directors. A more than satisfactory outcome for the year as a whole is therefore expected. The group is now centred on the three activities of security services, janitorial services and home improvements, all of which can be described as having above average growth potential.

In the last two years the group has spent, or contracted to spend, approximately £80m on acquisitions within the U.S. and as a consequence about 50 per cent of current pre-tax profits are from that country. Of the group's 25,000 employees, some 10,000 are in the U.S. Subject to future opportunities, it is hoped that the 50/50 split between the UK and the U.S. will be maintained.

Earnings per 25p share are shown as rising from 2.3p to 5.2p after allowing for a rights issue last May.

Tax took more at £1.3m against £224,000. Minority interests rose from £459,000 to £1.48m, leaving the attributable balance ahead from £980,000 to £2.32m. Preference dividends absorb more at £92,000 (£85,000) and ordinary payments will take £690,000 compared with £461,000.

Mr Michael Ashcroft, chairman of Hawley, yesterday revealed that he has bought a 9.9 per cent stake in I. D. and S. Rivlin, a small household textiles and kitchen and bathroom furniture supplier recently floated on the Unlisted Securities Market.

The deal was announced in tandem with a similar purchase by Mr David Wicks, British Car Auctions group. Each stake—of 400,000 shares—was thought to be worth about £200,000.

Rivlin has since 1978 seen its turnover fall from more than £1m to just £200,000. It made losses throughout that period, widening to £325,000 in 1982. Throughout this period its shares were suspended at 13p.

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Slough Estates improves and further growth seen

PROFITS of property developer Slough Estates rose to £9.09m pre-tax for the six months ended June 30 1983, an improvement of £1.24m over the figures returned for the same period last year, and the directors say they remain confident that further profit growth will be reported for the full 12 months.

First-half earnings amounted to 3.35p (3.25p) per 25p share and the net interim dividend is being stepped up from 1.25p to 1.35p, a final of 2.075p was paid for the 1982 year.

Mr Nigel Mobbs, the chairman, says the group is actively pursuing new development opportunities both in the UK and overseas markets. He believes that there are good opportunities available in a market assessment is made of locations with specific qualities.

Some of the projects being undertaken will be added to the portfolio but others will be sold on completion to contribute to future group profits.

Mr Mobbs says leasing activity in the UK has shown some improvement over last year, and new lettings have been made in a number of markets but in other cases leases have not been renewed.

First half tax took £2.7m (£1.2m) to leave net profits of £6.39m, compared with £6.06m previously. Taxable profits for the 1982 year totalled £16.17m.

comment

The share price of Slough Estates has been rising steadily since chairman Nigel Mobbs gave encouraging comments about improving confidence in the annual report. The interim figures yesterday duly revealed a very solid 26 per cent growth in pre-tax profits, though the share price closed just 1p down at 102p. The news of the reduction in the industrial vacancy rate was heartening, though the rate is not likely to drop much more this year. Slough seems comfortably on its way to profits for the year of around £19m. The company has consistently over-performed the property sector over the past three years and at 102p the shares give a prospective yield of 5.4 per cent and offer a discount to net asset value of 42 per cent. The share price has come up from a low of 85p this year but at its present level appears to still have some way to go. Slough is negotiating for some new sites which will increase the unusually low land carrying costs of £514,000. New sites will include land along the expanding M25 corridor.

Philip Harris

Progress during the first four months has reached or surpassed expectations for all companies at Philip Harris (Holdings), Mr B. J. F. Harris, chairman told members at the annual meeting.

D. Crouch drops to £177,000

DESPITE A £254,000 drop in interest charges to £880,000 pre-tax profits of Derek Crouch fell to £144,000 for the first six months of 1983.

The dividend, however, is maintained at 1.63p net—earnings emerged at 2.39p (1.69p) per share after deducting tax of £95,000 (£194,000) and adding minorities of £206,000 (£10,000 debit).

Turnover for the period was little changed at £38,53m (£37.77m). The group has interests in opencast mining, earth moving, civil engineering and building construction.

On the construction side, Crouch is continuing its search for more opportunities in private development areas, reducing total reliance on work in the public sector.

Claims and final accounts are still proving extremely difficult to prepare, a sign of the reduction in the industrial vacancy rate. As yet, the directors say, there are no signs of an upturn

comment

Prospects for Derek Crouch appear very uncertain, though the directors insist that the company is sound and that cash flow is strong and positive to see them through these difficult times. As a sign of the reduction in the industrial vacancy rate, there is a maintained net dividend of 1.63p though profits have more than halved to £177,000 at the interim. Still, the market was disappointed and the shares closed 7p down at the year's low of 85p. That gives a generous yield of 10.8 per cent which might be enough to prop up the share price. The market capitalisation is now only £8.47m. The attempt to stem losses in UK construction by moving into private sector building is moving slowly with still just the one sizeable £3m development in Aberdeen. The labour force has been reduced to 1,400 from a peak two or three years ago of 2,900 and no further rationalisation is planned at present. There is little sign of a lifting of the contractual restrictions which are limiting profits from the UK opencast mining whilst the now wholly owned U.S. company Power Inc has managed to maintain its market share only by squeezing margins and so increasing losses. There is still no indication of any light at the end of the tunnel.

Marginal rise by Blagden Inds.

A MARGINAL increase in pre-tax profits from £1,07m to £1.2m has been shown by Blagden Industries for the 26 weeks to June 28 1983. The net interim dividend has been raised 10 per cent to 3.3p.

The continuing process of restructuring the group's present activities to meet future needs in a competitive market, say the directors, is not anticipated further major redundancies. They report signs of recovery in the electroplating industry.

Turnover expanded from £31.67m to £33.03m.

At the trading level profits amounted to £1.43m (£1.39m), including a rise from £864,000 to £1,046,000 in recomended drums and casks, and from £87,000 to £242,000 in plastic mouldings. Plating and transformers, however, produced losses of £238,000 against a previous break-even profit of £1,000. Chemicals moved up from £179,000 to £247,000, and industrial protective equipment was little changed at £140,000 (£138,000).

Without any clear indication of further improvement in the industrial climate, the directors say business has held up well since the end of June and they feel justified in taking the first dividend to its former level.

Earnings per 25p share were shown as rising from 4.3p to 5.4p. The group was struck after lower interest costs of £225,000 (£232,000), and last time included associate profits of £4,000.

Tax amounted to £360,000 (£403,000), and minorities took £289,000 (£201,000) while extraordinary items rose from £16,000 to £75,000.

Like the curate's egg, Blagden's 12.5 per cent increase in pre-tax profits is good in parts. Chemicals and drums recording a previous break-even profit of £1,000. Chemicals moved up from £179,000 to £247,000, and industrial protective equipment was little changed at £140,000 (£138,000).

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shifting emphasis away from trading towards the more capital intensive areas of heavy engineering and manufacturing side. This accounts for about 20 per cent of turnover, mainly in chemicals, drums and electrical equipment. A figure Blagden hopes to increase to 50 per cent. So far, the net increase in working capital this year has been minimal.

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Improved trading and performance reflected in substantial increase in interim dividend

Interim profits up by 36%

In the first half of 1983 profit before tax was 36% up on the equivalent period of 1982.

Demand for bricks produced by London Brick Products is buoyant. Deliveries of Oxford Clay flat bricks are ten per cent up on last year and the order book is strong. Since May production has been increased and is now running ten per cent ahead of 1982. Impressive results in our non-flexed range have also been achieved with Weald Clay stock bricks produced by the Company's new plant at Clockhouse in Surrey. The refurbished Arley Works designed to make Gault stock bricks has also come on stream.

REINSURANCE EXECUTIVE

Major International Lloyd's Brokers

Our clients are a well known publicly quoted firm of International Lloyd's Brokers noted for their integrity and aggressive approach to International Marketing.

They are seeking a top Reinsurance Broker with Management ability to head up their Reinsurance Division on all aspects of Marine and Non Marine Reinsurance.

The candidate would be expected to have proven ability, not only in the marketing of International Reinsurance but also in administration and would be taking over a Department where the staff is in excess of 50 with full power to strengthen the existing team.

It is envisaged that the ideal candidate would work for a period of not less than six months with the present Divisional Managing Director before assuming responsibility. This appointment could lead to a position on the Group Main Board.

Interested candidates should reply with full career details in strictest confidence to:

St. James's Corporate Consulting,
Box 17/814, St. James's House,
4/7 Red Lion Court, Fleet St., London EC4A 3EB.

Senior Executive – Merchant Banking

Domestic and Eurosterling Issues
£20,000-£25,000

A leading City merchant bank, a member of the Accepting Houses Committee, requires a senior executive to assist and deputise for the Manager of the domestic and eurosterling issues department.

This is a new appointment and reflects the growing volume of business being carried out by the bank in this area. The initial task will be to build up and maintain contacts with both borrowers and investors. The intention is that this executive should rapidly develop the capacity to price and manage issues.

The successful applicant is likely to be under 30, probably a graduate, with at least 3 to 5 years' experience in merchant banking, stockbroking, insurance or pension fund management. Thorough knowledge of the fixed interest sterling market and experience in dealing with financial institutions is essential.

Salary indicated is negotiable and could be more for the exceptional candidate. Benefits include car, mortgage interest subsidy, non-contributory pension, free BUPA and assistance with re-location costs, where appropriate.

Please write – in confidence – with full career details stating how the requirements are met to David Bennell ref. B. 43734.

This appointment is open to men and women.

MSL
Management Selection Limited
International Management Consultants
52 Grosvenor Gardens London SW1W 0AW

BANKING EXECUTIVE CREDIT AND MARKETING INTERNATIONAL BANK —LONDON

The expanding London Branch of a major Middle Eastern bank wishes to appoint an experienced Banking Executive to undertake marketing and business development in Europe.

The successful applicant will be personable, well educated and experienced in the credit and marketing areas with a major international bank. European languages are desirable but not essential.

The remuneration package includes a competitive salary, a car, a mortgage subsidy and other benefits associated with a large international institution.

Write Box A8266, Financial Times
10 Cannon Street, London EC4P 4BY

AMERICAN LAWYER

REQUIRED FOR AN INVESTMENT BANK

Must have a minimum of 10 years experience with a major U.S. law firm, including service in a London branch. Business experience would be helpful. The successful candidate will be required to make long-term commitment to living in London and to travel. Salary offered in region of £50,000.00. All applications with full curriculum vitae to:

Box A8267, Financial Times
10 Cannon Street, London EC4P 4BY

FRENCH SPEAKING BROKER

Sales person required to assist marketing of Japanese securities to European clients. Knowledge of Far East and experience in broking preferred but not essential.

Replies in writing to:

Ray Bates
Bache Securities (U.K.) Ltd.
Pentagon House, Fenchurch Street
London EC3M 2EP

WANTED: TOP PERSONNEL SELLER – A professional & energetic financial services person to recruit pension salesmen to a leading pension fund. The successful candidate will be responsible for the recruitment of small business pension salesmen. The successful candidate will be responsible for the recruitment of small business pension salesmen. The successful candidate will be responsible for the recruitment of small business pension salesmen.

P. S. Refson & Co. Limited

SENIOR LENDING OFFICER

P. S. Refson & Co. Limited is seeking a very experienced banker for an important role in its risk asset management.

Applicants for this appointment will have had a minimum of ten years' relevant experience. They will be professionally qualified, in their late thirties or early forties and demonstrate clear board potential. Emphasis will be placed on proven ability to make perceptive and sound judgments in a demanding environment.

Experience in the financing of international trade and readiness to travel at short notice are prerequisites.

Salary and benefits will satisfy the most ambitious.

Please write fully to:

The Managing Director,
P. S. Refson & Co. Limited,
13 Austin Friars,
London EC2N 2HE.

STOCKBROKERS AN OPPORTUNITY IN PRIVATE CLIENTS

Montagu, Loeb, Stanley & Co. requires a Senior Assistant for their expanding Private Client Department. The right person will probably be aged between 27-30 years and will have had several years' experience in dealing with Private Clients.

It is envisaged that this appointment will lead to an offer of Partnership within two years, assuming that during this time the successful applicant will have shown themselves capable of providing clients with the highest standard of service and of contributing to the growth and development of the Department.

Salary will be no obstacle for the right candidate. Please send curriculum vitae which will be treated in the strictest confidence to:

Mr. R. A. D. Froy,
Montagu, Loeb, Stanley & Co.,
31 Sun Street,
London EC2M 2QP

MAJOR BRITISH INTERNATIONAL PUBLIC COMPANY WISHES TO APPOINT:

1. Finance Director: Banking, Treasury/General Financial Management Experience
2. Treasurer: Banking, Treasury Experience.
3. Group Financial Controller: Engineering Construction/Industrial Experience. Reporting to Chief Operations Executive.

Location: North west of England. For confidential consideration, please forward C.V. to main board director assigned to this search under Box A8260, Financial Times, 10 Cannon Street, London EC4P 4BY.

Senior Financial Analyst

Bank of America, one of the world's largest banks, is seeking a business school graduate or qualified management accountant with at least 5 years business or financial planning experience.

The successful candidate will supervise a small group responsible for management reporting, the development of operating plans and the analysis of financial targets for our Europe, Middle East and Africa Division.

This challenging position, based in Bromley, Kent, offers excellent scope for further career development. A competitive salary will be accompanied by an attractive package of fringe benefits, including low-interest mortgage and non-contributory pension.

Write with full personal, career and salary details to:- Nicola J. Lawrence, Bank of America, 25 Cannon Street, London EC4P 4HN.



MANAGER FOR EUROPE

London Based

Not less than £20,000 plus car

The Company is a major division of a privately owned Group having a turnover in excess of £80 million, involved in the most buoyant sector of the food industry. The high calibre of the present very professional management team is clearly demonstrated by the rapid expansion and consistently high level of profits achieved.

The European Manager will report to the Managing Director and be responsible for: all Continental European operations, extending business with existing suppliers, locating and appraising additional sources of supply, if justifiable, recommending opening of trading European office(s).

The position calls for a mature person, male or female, ideally 35-45, with experience in these markets, a trading/broking background with profit accountability and a demonstrable achievement record.

Success in people management, development and relationships up to board level is desirable, reasonably supported by linguistic fluency in French. One other foreign language would be advantageous.

Salary is negotiable above £20,000 plus car, and a full range of benefits. Prospects for advancement are excellent.

Please telephone for an application form, or write briefly and in confidence to:

James Allen

**PERSONNEL
SELECTION**

Personnel Selection Limited, 46 Drury Lane, Soho, West Midlands B91 3BJ
Telephone: 021-705 7399 or 021-704 2851

Antony Gibbs & Sons, Ltd.

Manager/Assistant Manager UK Lending

Due to a significant expansion, Antony Gibbs & Sons, Ltd, the London merchant banking arm of the Hongkong Bank Group, is looking for 1/2 executives aged 25-30 to assist in the development of new corporate lending within the Banking Division.

The requirement is for an experienced executive(s) with a minimum of 4 to 5 years' banking experience, with the personality and drive to progress rapidly in a business development role under the supervision of senior executives.

The successful candidate(s) is likely to be a graduate and/or professionally qualified with good credit analysis skills and knowledge of loan documentation. A competitive salary and the usual banking benefits will be offered to the successful candidate(s).

Applications, which will be treated in complete confidence, should be sent with full CV to: C.E. Fiddian-Green, Antony Gibbs & Sons, Ltd, 3 Frederick's Place, Old Jewry, LONDON EC2R 8HD.

County Bank Limited

As the merchant bank in a major international group, we provide an extensive range of banking, investment, and advisory services to a wide range of governmental and corporate clients throughout the world. With assets in excess of £1bn, we are one of the largest merchant banks in the UK and it is our aim to expand further our activities in all the markets in which we currently operate. This commitment to continued growth creates opportunities for experienced professionals and younger people with potential to join a young and progressive organisation with its eyes firmly on the future. Details of some of the opportunities are shown below:

London

We have opportunities at various levels for career people who can demonstrate intellect, enthusiasm and commitment and are prepared to work hard in an organisation which rewards such qualities.

The positions are in our Finance Division and you will work as part of a team engaged in making loans, taking equity investments and providing general and specific banking and financial advice to a wide range of UK corporate clients.

If you are a graduate with two years general experience with a UK or international bank, and are seeking a career move, we would like to hear from you – if you have received recognised credit training so much the better.

We are also able to offer positions to bankers with experience in one or more of the fields in which we specialise – term lending, equity investment, management buy outs, syndications, funded leasing, and money market/Forex lines.

Applications for these positions, together with enquiries from Bankers keen to make a career move at this time should be forwarded to:
Ian Carlton, Personnel Manager, County Bank Limited, 11 Old Broad Street, London EC2N 1BB.

Please state clearly which position(s) interest you and give full details of experience, qualifications and current salary.

Manchester and Leeds

The Manchester and Leeds offices are concerned with providing financial services; primarily lending, equity investment and corporate advice, to a wide range of clients throughout the North of England. Opportunities exist in these offices as follows:

Executive Trainee – Manchester & Leeds

An opportunity exists in both offices for an intelligent young banker (AIB qualified) possibly with some experience of corporate lending, who is eager to develop skills within a merchant bank. Initially the role will involve essential administrative support – including balance sheet analysis, loan and security documentation – together with providing assistance in monitoring the local loan and equity portfolio. It is, however, a prerequisite that candidates are of a calibre which will enable them to assume further responsibilities in the future.

Interviews will be held locally in Manchester and Leeds.

Business Development – Leeds

In order to continue the commitment of the Leeds office to greater involvement with quoted companies, we seek to recruit a senior banker, possibly a Chartered Accountant, whose role will be to develop creative lending opportunities and negotiate complex lending packages. You will work within a team of 13 headed by a main board Director, and be able to utilise the skills and experience of other executive staff for support services. Company contact will be at Finance Director level and it is unlikely that executives aged less than 30 will have the necessary maturity and experience to handle this marketing orientated position.

In addition to maturity and a comprehensive understanding of corporate lending facilities, candidates should have a demonstrable proven record in successfully negotiating a range of merchant banking facilities.

**COUNTY
BANK**

National Westminster Bank Group

Company Secretary

The Company, a major subsidiary of an international group, with a turnover in excess of £100M manufactures and markets a wide range of power tools and related products in the UK and to export markets.

We require a Company Secretary who will be responsible to the Managing Director for a wide range of legal and administrative activities including:

- Pension and legal aspects of employment
- All types of insurance
- Commercial contracts, patents and trademarks
- Tenancy agreements and leases
- Secretarial aspects of management meetings

Ideally, applicants should be a Chartered Secretary or Solicitor, aged 30-35, and will probably currently be an Assistant Company Secretary in a major commercial or industrial organisation. Experience in a multi-national organisation and some knowledge of European and US legal requirements would be an advantage.

The successful candidate will be expected to give authoritative advice to management in all departments and be able to display a high level of communication skills for this purpose.

Salary will not be a limiting factor. Conditions include a Company Car, BUPA membership and relocation expenses if appropriate.

Black & Decker

Applications, in confidence, to J.D. Lee, Director of Personnel, Black & Decker, Cannon Lane, Maidenhead, Berkshire, SL6 5PD.

Insurance of Financial Risks

Willis Faber & Dumas require an energetic executive (age group 30-40) who is experienced in credit, political risks and financially related insurances.

The successful applicant would join a young team in a rapidly expanding department with the main emphasis being on the production of new domestic business. Extensive travel would be involved.

This is an excellent opportunity for career development for a knowledgeable salesman or saleswoman.

Starting salary will be negotiable. Excellent company benefits include a car.

Please ring Mrs P. Fowler on 01-488 8282 or write to her, enclosing a cv, at Willis Faber & Dumas Ltd, Ten Trinity Square, London EC3P 3AX.

Willis Faber

Finance and Administration Manager

City Solicitors

up to £18,000

As a consequence of their rapid growth, our client, a recently established firm of City solicitors, wish to appoint a qualified accountant to take responsibility for the finance and administration functions within their practice.

The successful applicant will have as priorities the supervision and control of accounting operations which include computerised systems, the provision of management information, the preparation and monitoring of annual budgets and the management and control of such areas as administrative systems, insurance, building and office services.

Age will be less important than a breadth of experience which includes both financial and administrative responsibilities at a management level. This will be a wide ranging role and will demand flexibility and the willingness to operate at all levels both within the accounting function and throughout the practice.

This position offers the opportunity to contribute to many aspects of a developing practice and it is envisaged that the jobholder will ultimately assume the role of Partnership Secretary.

Candidates, male or female, should write, with full details of your career to date, to Alan Gilmour, Executive Selection Division, Southwark Towers, 82 London Bridge Street, London SE1 9SY. Please quote reference MCS/8022.

Pace Waterhouse Associates

ARTHUR ANDERSEN & CO

Insolvency Manager

Hong Kong Neg. £30,000+

We have been retained by Arthur Andersen & Co., one of the World's leading accountancy firms, to recruit a Manager for its fast developing Hong Kong insolvency practice. The position involves the co-ordination of new work with local and UK specialist partners and significantly contributing to the firm's exciting growth programme in this vibrant location.

Applicants, aged 30-45, must have considerable liquidation experience together with some exposure to Court related insolvency work, strong practice development skills and a high level of communication ability. Membership of the IFA whilst desirable is not essential. It is intended that after a brief induction in London, a two year period will be spent in Hong Kong with attractive longer term prospects available in either location.

The salary indicator, which includes a housing allowance, is negotiable and will not be a limiting factor. Interviews will be held in London.

Candidates should write to Allan Marks enclosing a comprehensive curriculum vitae, quoting reference 428/1 at Michael Page Partnership, PO Box 143, 31 Southampton Row, London, WC1B 5HY.

Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Leeds Glasgow

CJA

RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

CORPORATE FINANCE EXECUTIVE—BANKING

£15,000—£20,000 + BONUS + CAR

FAST EXPANDING INTERNATIONAL MERCHANT BANKING ARM OF SUBSTANTIAL BRITISH FINANCIAL SERVICES GROUP.

For this demanding new appointment, we seek candidates, professionally qualified, most likely in accountancy or law and aged 26-30. A minimum of 3 years' all-round Corporate Finance experience will have been gained with a leading issuing house, stockbroker or professional firm specialising in this field. A sound grasp of the fundamentals and detail involved is essential together with a capacity for sustained effort under pressure. As a member of a small team and reporting to a Corporate Finance Director, the successful candidate will play an increasing role in all aspects of the work of the department including inter alia, takeovers, mergers, acquisitions and new issues. The ability to identify opportunities and develop these to maximum advantage is required. Initial salary negotiable £15,000-£20,000 plus bonus, car, non-contributory pension, free life assurance, subsidised mortgage and assistance with relocation expenses if necessary. Applications in strict confidence under reference CFE 4190/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. FAX: 887374. FAX: 01-438 9216
* Please only contact us if you are applying for the above position.

Marketing Services Manager

The Financial Times Business Enterprises Limited is the information and publishing subsidiary of the Financial Times and produces magazines, books, newsletters, information services and diaries.

A Marketing Services Manager is sought to provide marketing support and allied services for the full range of Financial Times Business Enterprises Limited products and to work as a member of the Company's marketing management team. The successful applicant will probably be a graduate with a proven record in a responsible direct selling position, experienced in administering market support services, including fulfilment, and the ability to successfully motivate and control staff.

The Marketing Services Manager will be responsible for:

- Developing and managing the provision of analytical marketing information relating to the Company's current and planned promotion activities, which are mainly in the area of direct mail;
- Co-ordinating and expanding a major list bank;
- Being aware of the range and availability of external mailing list sources and developing effective working relationships in this area;
- Participating in the implementation of direct mail programmes;
- Co-ordinating the activities of the order processing and subscription fulfilment departments;
- Participating in the expansion of computerisation in the marketing area.

A good salary plus normal Company benefits are available. Please write, with full curriculum vitae, to:

John McLaughlin, Managing Director
The Financial Times Business Enterprises Limited
Greystoke Place, Fetter Lane, London EC4A 1ND

LEASING MANAGER

Compsoft is the UK's leading microcomputer software house. Established in 1978, the Company has enjoyed rapid growth and now seeks to establish a leasing subsidiary.

Applicants should have experience in the field of supplying finance for asset acquisition. He/she must be capable of setting up the operation with the assistance of the Financial Director, then managing the operation on a day-to-day basis. Candidates should have a high level of business acumen and previous experience in the leasing industry, plus the drive and initiative required to successfully establish this new operation. Salary is negotiable and will not be a barrier to the right applicant.

Please write to: —
Nicholas Horgan, Managing Director
COMPSOFT LTD
Hallams Court, Sharnley Green
Nr. Guildford, Surrey
Agency applications invited.

PUBLIC INTERNATIONAL GROUP

wishes to appoint highly numerate Executive to assist dynamic Group Chief Executive.

Operating Background:—
Banking/Corporate Finance experience necessary.
Arabic speaking an advantage.

Please reply in strictest confidence to the Board of Directors under Box A8262, Financial Times 10 Cannon Street, London EC4P 4DY

Far East Fund Manager

A leading London fund management group with a reputation for outstanding investment performance in the U.K. and U.S. markets, wishes to add to its team an investment manager, who can achieve a similar reputation with a fund investing in Japan and the Far East.

The manager, male or female, will have a considerable degree of autonomy in the management of the fund and would be publicly identified with it. An appropriate salary will be paid. Confidential Reply Service: Please write with full CV quoting reference 1838/JE on your envelope listing separately any company to whom you do not wish your details to be sent. CVs will be forwarded directly to our client, who will conduct the interviews. Charles Barker Recruitment Limited, 30 Farringdon Street, London EC4A 4EA.

Charles Barker
ADVERTISING • SELECTION • SEARCH

PORTFOLIO MANAGEMENT

We require an Assistant to the Investment Manager of the Group.

The main responsibility will be to assist in the management and administration of the portfolios and deputise for the Investment Manager in his absence. The successful candidate will be initially expected to concentrate on the UK equity market and to make an early contribution to the Group's investment strategy and at a later date might assume responsibility for part of the portfolio.

Applicants with a degree should have a minimum of two years' investment experience with an institution or stockbroker. Applications from non-graduates with longer periods of experience are also invited.

The commencing salary will be negotiable and fringe benefits include mortgage subsidy, staff canteen and non-contributory pension.

For an application form please write or telephone:—

Personnel Manager
Relliance Mutual Insurance Society Limited
Relliance House, Tunbridge Wells, Kent
Telephone: Tunbridge Wells 22271

DOCUMENTARY CREDIT MANAGER

FOR A RAPIDLY-EXPANDING INTERNATIONAL TRADING COMPANY

You should be experienced in all aspects of shipping documents, documentary credits, foreign exchange documentary transaction and banking. The position requires working long hours, negotiating, travelling and acceptance of responsibilities, organising and managing Documentary Department.

We are particularly looking for a person whose current position status does not reflect their ability, current performance and responsibilities. This position is for a solely career-orientated person with ambition.

Salary, terms, and conditions by negotiation. All applications will be treated in strictest confidence.

For further information please contact:

Miss Margaret Nicol Telephone 935 5686

SETTLEMENTS/OPERATIONS US BROKER

Age 25-35 up to £15,000 + bonus

A major US Broker will shortly appoint a Manager whose responsibilities will include:

- ★ the supervision of administrative personnel in the equity department with a strong emphasis on settlement activity.
- ★ liaising effectively with counterparts in New York on settlements.
- ★ administration of operations systems and procedures in the equity department.

The ideal candidate will have had settlement administrative experience with an American, Canadian or British stockbroker. This is a new appointment. The successful candidate must have the managerial skills required for what is an exciting leadership opportunity. Salary will be negotiable but is unlikely to prove a problem for the right candidate. The prospects are excellent. Please apply to Jack Courts.

Chichester House, Chichester Road, London WC2A 9EG. Tel: 01-462 9775
Career plan

A direct line to the executive shortlist

InterExec is the only organization specialising in the confidential promotion of senior executives. InterExec clients do not need to find vacancies or apply for appointments. InterExec's qualified specialist staff, and access to over 100 unadvertised vacancies per week, enable new appointments at senior levels to be achieved rapidly, effectively and confidentially.

For a more detailed explanation of InterExec's service, please write to: London 01-930 5041/8 19 Charing Cross Rd, W.C.2
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Edinburgh 031-226 5650 47a George St.
Leeds 0532 450243 12 St. Paul's St.
Manchester 061-236 8409 Faulkner Hse, Faulkner St.
The one who stands out

MAJOR BRITISH INTERNATIONAL PUBLIC COMPANY

looks to appoint a number of key executive functions:

Executive Project and Operations Directors:—

1. With engineering construction experience

2. With industrial experience

Reporting to Chief Operations Executive

Head Office location: Northwest of England.

For confidential consideration, please forward CV to main board director assigned to this search, under Box A8264, Financial Times, 10 Cannon Street, London EC4P 4DY

PRIVATE CLIENTS STOCKBROKING

A well-established firm of stockbrokers in EC2 seeks an assistant to the Head of their fast expanding Private Clients/Bank Department. Candidates must currently be working for stockbrokers. Excellent salary package. Please ring 588 3535

Crone Corkill
Recruitment Consultants

LONDON STOCKBROKERS

SEEK

PRIVATE CLIENT

EXECUTIVE

Must be competent and responsible, since position carries high degree of autonomy. Will work closely with Partner in charge of department. Suit person with 3/10 years' experience. Write Box A8265, Financial Times, 10 Cannon Street, London EC4P 4DY

SENIOR CREDIT OFFICER

A large Middle East bank with an extensive international network seeks a Credit Officer with at least 10 years' international credit management experience. This position reports directly to the Chief Executive.

Major responsibilities

- Maintaining and improving the bank's credit policies and procedures;
- Overseeing the credit inspection programme;
- Supervising the credit training programme;
- Overall credit administration.

The location is the Middle East. Excellent compensation and benefit programme. Please reply, sending curriculum vitae, to:—

Box A8267, Financial Times
10 Cannon Street, London EC4P 4DY

Merchant Navy Pensions Administration Equity Portfolio Manager

Merchant Navy Pensions Administration manages the assets of the Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund. Combined assets of the two Funds amount to some £900 million.

Due to continued expansion of our activities we are now looking for an Equity Portfolio Manager based in our London office, reporting directly to the Deputy Investment Manager. He or she should have a key role in the day-to-day analysis and management of the UK equity portfolio. This post would be attractive to a person having considerable initiative and capacity for self-motivation. He or she should be capable of becoming an important member of a small but enthusiastic team. Suitable candidates are likely to be in the 30's with a degree or other suitable professional qualification but, most of all, they should be able to demonstrate a broad experience in this area.

An attractive and competitive commencing salary will be offered. Please write enclosing your cv with full details of previous employment and present salary to

J.M. Bird
Merchant Navy Pensions Administration
Ebbisham House
Church Street
Epsom, Surrey KT17 4QF

EURO \$ STRAIGHTS

Major Securities House in the City would like to move one of its top traders into a sales job. Before this can happen they must recruit his replacement, however, who will be one of the City's better dealers with several years experience of FRN's and Euro \$ Straights. The successful candidate will take full responsibility for all activities in this field. Please Contact David Little

UK LEASING MANAGER £25,000 plus benefits

Our client a major US bank, seek a candidate experienced in negotiating, pricing, and structuring big ticket leasing transactions. Ideally aged c32 years, a graduate with experience of a US banks formal credit training programme.

UK LEASING EXECUTIVE £18,000 plus benefits

Similar to above but aged 25-28 years.

Please Contact Brian Gooch

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate - London EC2M 4LX • 01 623 1266

Accountancy Appointments

INBUCON

Take the audit trail through Europe, the Middle East and Africa INTERNAL AUDITORS Based in Brighton c.£12k+mortgage subsidy and benefits

Based at the European Headquarters of one of the world's leading financial services organisations with consolidated assets of \$27 billion, is a team of Corporate Auditors who perform audits at Company locations throughout Europe, the Middle East and Africa. Candidates will need to be qualified Chartered or Certified accountants OR have 3/4 years' internal audit experience in the financial sphere. Considerable flexibility is called for not just to negotiate different methods of working around the world but in order to adapt to constantly changing personalities and environments.

Although you are unlikely to be on your own, you will need to be self-motivating, resourceful and possessed of strong inter-personal skills in order to be totally effective. Naturally, you will welcome working overseas for at least half of your time.

Whenever possible corporate financial and EDP audit functions take an integrated approach. Some background in data processing would therefore be attractive; however it is not a pre-requisite.

In career terms the role is highly "visible" and can open many doors within this large multinational company.

Remuneration depends entirely on experience but with a benefits package which includes relocation, mortgage subsidy, non-contributory pension and much more besides, we are sure you will want to talk.

Call GEOFFREY HENLEY on the number below or on 0273 686472 outside office hours for an informal discussion. Alternatively, send a full C.V. to us and we will contact you.



INBUCON MANAGEMENT CONSULTANTS LIMITED
D. P. Recruitment and Contract Services,
Suite J, The Priory, Haywards Heath, West Sussex, RH16 4DG.
Telephone: Haywards Heath (0444) 458821 (24-hour answering service)

Senior EDP Auditor

England based

c£16,500 + car, etc.

Our client, the well known and highly regarded food firm, CARNATION, is one of the few manufacturers in the US to have a Triple-A financial rating. There is now a need for an experienced EDP Auditor to be based in England and to conduct EDP audits throughout Europe.

Reporting to CARNATION Headquarters in Los Angeles, the successful applicant will be required to evaluate internal controls in new and existing computerised business application systems as well as improving the scope and efficiency of audit techniques.

Candidates, 25-35 years of age, are likely to be qualified accountants with at least 1 to 3 years EDP audit experience, career minded with a natural enthusiasm and ability to make a positive contribution to management. Familiarity with IBM mini-computers would be advantageous.

In addition to an attractive salary, benefits will include motor car, pension and medical insurance and 5 weeks holiday. Travel commitment will be at least 50 per cent with weekend returns home to be agreed.

Candidates, male or female, wishing to apply should write in confidence for a personal history form to Michael R. Andrews, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY, quoting reference MCS/7124.

Price Waterhouse
Associates

Hoggett Bowers

Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Financial Controller

Retailing

North East, to £18,000 + car

This is a newly created, demanding position with a successful public company currently operating 80 retail outlets and committed to further expansion. Reporting to the Deputy Managing Director, prime responsibility is the management of the accounting function controlling a staff of 35 engaged in the preparation and presentation of detailed management and financial information. An immediate key task is to improve and expand computer based accounting by the evaluation and implementation of financial systems, working closely with a specialist M.L.S. team. Candidates will be high calibre qualified accountants, preferably graduates, aged 30-40, with an established record of successful financial management, ideally in retailing or multiple location service industries. They must have positive leadership, management and interpersonal skills, a resilient nature and view this challenging role as the next logical step in a planned career progression. Additional benefits, including a profit sharing scheme, are comprehensive and relocation expenses are available if required.

Male or female candidates should telephone in confidence for a Personal History Form or submit a comprehensive CV. to A.D. Kelly, 4 Mosley Street, NEWCASTLE-UPON-TYNE, NE1 1DE, 0632-327455, quoting reference 44173/FT.

FINANCIAL DIRECTOR

North Lancs.

c£17,000 + Car etc.

This is a challenging opportunity for an experienced qualified Accountant (ACA, ACMA, ACCA) to join a fast growing subsidiary of a substantial and well established manufacturing group.

Reporting to the Managing Director, the successful candidate will assume responsibility for the total finance and administrative function of a business whose turnover is £7m.

Important pre-requisites must include:

1. Above average technical ability to meet the on going demands of a business where effective communication within a local and corporate situation is of prime importance.
2. A commercial awareness where your recommendations and/or decisions have had a direct result in the improvement of business efficiency.
3. The proven ability to produce accurate financial and management information to strict pre-established deadlines.
4. An extensive knowledge of EDP systems development within a manufacturing operation.

This appointment will offer a sound career move for an Accountant aged 25-40 who is keen to join an environment where a positive contribution will result in above average rewards in terms of remuneration and real job satisfaction.

Relocation expenses will be met in appropriate circumstances.

Ref: 54/83 FT

GROUP CHIEF ACCOUNTANT

Lake district

c£17,000 + Car etc.

This challenging new appointment is based at the head office of a multi-million pound, profitable trading organisation. A highly motivated experienced Accountant (ACA, ACMA, ACCA) capable of establishing an effective central finance function, you will also be responsible for the co-ordination of corporate plans and budgets, financial modelling, trend projections, appraisal of company funding, and the development of a treasury role. This is an outstanding opportunity to work within a dynamic rewarding environment.

Ref: 54/83 FT

Apply in the first instance to Brian R. Daniels, Managing Partner, Daniels Bates Partnership, Josephs Well, Hanover Walk, Park Lane, Leeds LS3 3AB.

Tel: (0532) 461671: Three Lines.

Daniels Bates Partnership

PROFESSIONAL RECRUITMENT

MANAGEMENT CONSULTANCY IN FINANCIAL INSTITUTIONS

to £25,000 plus car

We are seeking a number of graduate accountants in the age range 32 - 40 to join our expanding management consultancy.

The work involves advising clients in the financial sector (banking, stockbroking, insurance, investment) on planning and strategic issues, accounting and management information systems and EDP. A specialised knowledge of the sector is essential. Equally important are a sound commercial background and an ability to recognise the needs of senior management.

Please send a comprehensive career resume, including salary history, and day-time telephone number, quoting ref: 2121 to W.L. Tait.

Touche Ross & Co., Management Consultants

Hill House, 1 Little New Street, London EC4A 3TR
Telephone: 01-353 8011

A member of the Management Consultants Association.

Financial Controller Pilots' National Pension Fund

The Pilots' National Pension Fund, a unique occupational approved scheme valued at £78m, currently provides pensions for 1,400 marine pilots. An active body of trustees representative of the various interests concerned controls the Fund, while investment management is carried out by a leading city firm of merchant bankers.

We are looking for a financial controller, preferably aged 45-55, to be responsible to the trustees for liaison with the investment managers on all matters related to the Fund's portfolio. Responsibilities will include control of investment procedures, preparation of accounts and reports on the Fund's performance.

The post will suit someone with substantial investment experience, possibly a pension fund manager who has retired

early. Candidates must have substantial experience of investing pension fund moneys on a large scale, ideally in consultation with professional investment advisors, as well as a knowledge of the legal, operational and administrative aspects of such funds. An accountancy qualification is desirable but not essential. Experience in a DP environment would be useful as we intend to computerise our systems in the near future.

An attractive salary and benefits package, commensurate with qualifications and experience, will include a contributory pension scheme and five weeks' holiday.

Please write with full career details to Mrs. J. Lemon, The Secretary, The Pilots' National Pension Fund, 8 Great James Street, London WC1N 3DA.

THE PILOTS' NATIONAL PENSION FUND

ACCOUNTANCY ACCOUNTANCY ACCOUNTANCY

CORPORATE PLANNING/INVESTIGATIONS

£15K + Car

Senior financial role within major trading group, handling rationalisations, disposals, acquisitions, liaising with outside consultants on business sector and markets, wide ranging spread of work necessitates excellent communication skills, conceptual abilities and the aggression to reach the top. Candidates should be graduate ACAs aged 28-30, willing to travel up to 50%. CITY. Ref: SC.

INTERNATIONAL AUDIT

£11-15,000

A number of our clients, particularly major U.S. corporations, can currently offer excellent career opportunities via their international audit departments. Not only will you command a premium salary and gain in-depth knowledge of international operations but will also enjoy considerable exposure to senior management plus overseas travel. In most cases the audit function provides a recognised career route to line management. Suitable candidates will be graduates, aged 25-30, BASED LONDON, PARIS, SUSSEX, BERKSHIRE and E. MIDLANDS. Ref: JG.

COMPANY ACCOUNTANT

£12,000 +

An expanding FMCG group requires capable accountants to head up a small department in each of 2 satellite companies. Key responsibilities will be the tight control of cash flow, funding and the production of management accounts. The successful candidates will be expected to advise the MD on all financial matters and play an active role in commercial matters. KENT/HERTS. Ref: VMD.

ROBERT HALF

LEE HOUSE, LONDON WALL, EC3 1AB (01-636 8771)

CHIEF ACCOUNTANT

A growing, internationally-oriented merchant banking group requires a Chief Accountant who will report to the Group Controller.

The successful applicant will have responsibility for a number of investment companies and a small but efficient accounts department.

Candidates should be recently qualified accountants who ideally should have experience in banking. Knowledge of computerised banking systems would be an advantage.

The appointment is based in London.

An attractive compensation and benefit package will be offered.

Reply in confidence to:

Box A8270, Financial Times

10 Cannon Street, London EC4P 4BY

Financial Controller

The position is with a growing finance company in leasing, hire purchase and financial services.

The role will be to contribute significantly to the company's sound future growth and diversification plans. The initial task will be the computerisation of MIS and all accounts from a manual base. Following this will be the standardisation of subsidiary company systems, cash control and tax matters.

Prospects include a board directorship, depending only upon personal performance.

A Chartered Accountant (M/F) with experience of corporate financial matters in a City environment, preferably gained with smaller, non-bureaucratic companies is required. Finance company or banking experience with some knowledge of acquisitions of receivables would be interesting.

Salary negotiable plus a car and other benefits.

Please write in strict confidence to Peter Rolandi, Chief Executive, (Ref: RP703).

Alliance
Management Selection

15 Borough High Street, London SE19SH
Tel: 01-403 0894 (24 hours)

Young ACMA/ACCA

Aged 21-26 Based South Coast Up to £14,000 package + relocation

Our client, a high technology manufacturing company and part of a major international group is continuing to enjoy a substantial growth in revenues and profitability.

An opening in the company exists due to the early promotion within the group of the previous incumbent. The position reports to the Controller with responsibility for all management accounting and reporting as well as acting as an effective deputy to the Controller during any periods of his absence. In addition, there will be an element of business travel to Europe and the USA.

Prospective applicants must have gained their experience in a manufacturing environment and in addition be familiar with computerised accounting systems.

Promotion at an early age into a more senior position including some involvement in the commercial aspects of the group's business will be possible.

Interested applicants who can display drive, enthusiasm and credibility should apply to Anthony Justin at EMF International, Northumberland House, 303-306 High Holborn, London WC1V 7JZ, Telephone 01-405 9581.

EMF International

SENIOR ACCOUNTANT

FOR A RAPIDLY EXPANDING INTERNATIONAL TRADING COMPANY

Fully qualified and experienced accountant for International Trading Group.

The position requires qualified person, female/male of proven ability who feels their current position does not reflect their performance in status, salary and promotion prospects.

The position requires a successful candidate to establish financial management and computer-controlled accounts. In addition the position calls for some overseas travel and requires knowledge of international banking/documentary, credit, finance and international trading.

Age: 28-38

Salary by negotiation and applications will be treated in strictest confidence.

For further information please contact:

Miss Margaret Nicol Tel: 01-935 5686

International Appointments

Mansion House Securities Ltd.

HONG KONG

(The newly-established stockbroking subsidiary of the Hongkong & Shanghai Banking Corporation and Hong Seng Bank)

Due to rapid expansion, we are seeking several highly qualified persons as described below. The location will be initially in Hong Kong. Future relocation back to London is optional. Age, sex, nationality are unimportant.

- ★ **Senior Securities Analysts**
Those with a proven track record in a similar capacity especially in relation to Far Eastern securities or international debt securities are particularly welcome.
- ★ **Institutional Sales Representatives (for foreign equities and/or Eurobonds)**
Those who are familiar with investment institutions in the UK and/or Continental Europe with intimate knowledge and rich experience acquired within a major stockbroking firm or a City institution plus adequate exposure to Far Eastern securities will be given first preference.
- ★ **Eurobond Traders/Dealers**
Minimum three years' experience in this field acquired within a major stockbroking firm/merchant bank/international bank with thorough familiarity with Euro-bond market and its participants, preferably also multi-lingual in especially German and French or Japanese or Arabic or Mandarin.
- ★ **International Precious Metals Dealers**
Minimum three years' recent experience in dealing both physical and futures, acquired within a major dealing house in London or Switzerland.

We are offering attractive compensation packages to those who are interested in growing with us as part of the Hongkong Banking Corporation. Absolute confidentiality is assured to those candidates who write to us to include résumé, photograph, present salary package and reference. Please reply (not later than 30th September, 1983) to:

(Envelope marked "Private and Confidential")
ATTENTION: GENERAL MANAGER, INTERNATIONAL,
MANSION HOUSE SECURITIES LTD.
8th Floor, Citibank Building, 25 Queen's Road, Central Hong Kong

Jonathan Wren International Ltd

01-623 1266

170 Bishopsgate, London, EC2M 4LX

BAHRAIN

Our client, an important expanding Arab banking institution, currently seeks to strengthen its lending team by making the under-mentioned appointments:

VICE PRESIDENT PROJECT FINANCE

Candidates should ideally be aged 35-40, possess a Masters or PhD in either Engineering and/or Business Studies, together with a minimum of 10 years Project Finance or related experience of which 2 to 3 years should be banking orientated.

Prime responsibilities will be marketing, evaluating and packaging project financing proposals in the construction and energy fields. A knowledge of French and Arabic would be an advantage, although not essential.

ASSISTANT VICE PRESIDENT SYNDICATIONS

Candidates should ideally be aged 30-35, possess a university degree and a minimum of 7 years bank experience. It is particularly important that candidates possess a sound credit background, preferably gained within an American bank.

Reporting to the Senior Vice President, Loans and Syndications, the appointee will be given regional responsibility for all aspects of structured lending. A second European language would be an advantage.

These posts represent exceptional opportunities in a rapid growth environment. Salaries for both positions are tax free and will reflect the importance of these key posts. Benefits include an accommodation allowance and return air fares etc. Initial interviews will be held in London during the first week of September. Please telephone for an application form or send a full curriculum vitae to ROY WEBB, MANAGING DIRECTOR.

Bank Inspector

Africa

A major commercial bank in Southern Africa is seeking a Chief Inspector to direct and control the operational audit programme covering its extensive branch network. The Bank provides a full range of services covering retail, commercial and agricultural facilities.

Applicants should have extensive bank audit experience in Africa and high level skills and qualifications in retail and corporate banking. They will probably be aged late thirties to early fifties, and be able to demonstrate a successful record in bank administration. The Bank will offer a competitive salary and benefits package on a direct 30-month contract; a generous end of contract gratuity is also paid. The location

is stable and attractive in English-speaking Southern Africa. Initial interviews will be held in London.

Please apply with full personal and career details to Confidential Reply Service, Ref: ASB 8800, Austin Knight Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Confidential Reply Supervisor.

Austin Knight
Advertising

Internal Auditor

BANKING

c.£26,000 tax free

Kuwait

Our client is a leading Kuwaiti bank with an extensive national and international branch network.

Reporting to the General Auditor, he will be responsible for planning and supervising the work of a substantial and well established internal audit team. Rapid career development prospects are excellent.

Candidates, aged around 30, must be professional accountants with at least five years' post qualifying audit experience with a strong involvement in commercial banking.

ideally including auditing of UK branches of overseas banks.

Familiarity with American banking practices and with audit software would be advantageous.

Salary is around £26,000 tax free and the benefits include furnished accommodation, forty days annual home leave and children's school fees.

Please send full career details, in confidence, to A. R. Duncan at Bull, Holmes (Management) Limited, 45 Albemarle Street, London W1X 3FE, quoting Ref: 327.

Bull Holmes
PERSONNEL ADVERTISERS

INTERNATIONAL FUND MANAGER

aged 25 to 35 required to join small team in London for a familiarisation period of three months, prior to an overseas tax-free appointment for two or three years. Experience of the North American and/or Far Eastern securities markets is required, as is the ability to take decisions and work independently, and to communicate and sell ideas. Therefore, stockbrokers with relevant knowledge should also apply. A full and generous package will be offered to the successful candidate. Application will be treated in strictest confidence.

Apply, sending curriculum vitae, to:
Box AS269, Financial Times
10 Cannon Street, London EC4P 4BY

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of expatriates and nationals worldwide.

01-637 7604

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

Thursday 22nd September, 1983

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations.

We propose to publish the list in our issue of Thursday, 22nd September, 1983, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments." Advertising rates will be £31.50 per single column centimetre. Special positions are available by arrangement at premium rates of £37.50 per s.c.c. Newly Qualified Accountants, especially Chartered, are never easy to recruit — don't miss this opportunity!

We will also be including in this feature a

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SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Thursday August 25 1983

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WALL STREET

Fed keeps
traders
guessing

THE OUTLOOK for interest rates was again the focus of attention on Wall Street yesterday. The market's attempts to detect the hand of the Federal Reserve Board in market operations were made additionally difficult by the traditional weekly make-up day operations by the banks. Traders were reluctant to draw too many conclusions from an early fall in the Federal Funds rate to 9 1/4 per cent, writes Terry Byland in New York.

The bond market closed firmly, behind a further easing in the Federal Funds rate to 9 1/4 per cent. Final quotations for the long bond, at 104, showed a yield of 11.52 per cent.

The stock market made little response to the firmness of bond prices and fell back in thin trading. By the close, the Dow Jones industrial average was 8.64 down at 1184.25. Volume increased to 72.2m shares with 999 issues showing losses and 543 recording gains.

IBM shed \$2 1/2 to \$116 1/2 but firm spots among computer and high tech stocks were NCR \$1 1/2 higher at \$111, National Semiconductor \$ 1/2 up at \$47 1/2 at

though Texas Instruments shed \$ 1/2 to close the day at \$114 1/2.

MCI Communications recovered \$ 1/2 of its loss to stand at \$10 on 9.2m shares traded, less than one third of the turnover of the previous session. Opinions varied among market analysts over the significance of a published document from the Federal Communications Commission on guidelines for payments to AT & T when the Bell system is broken up.

Firm spots among the leading issues were PepsiCo, which added \$ 1/2 to \$33 1/2 in active trading.

The retail sector responded to trading results from the industry. Toys R Us, the leader in the toy retailing business, slipped by \$ 1/2 to \$38 1/2 despite good results. Analysts commented that the shares had been heavily bought ahead of the results.

American Stores, with a chain of outlets throughout the Midwest and South of the U.S., put on \$ 1/2 to \$33 1/2 after disclosing higher second-quarter earnings.

There was strong turnover in stocks of U.S. Steel, closing at \$27 1/2. Chrysler, \$1 1/2 off at \$23 1/2 and AT&T, which slipped \$1 to \$65 1/2.

On the American Stock Exchange, shares in computer maker Amdahl rallied \$ 1/2 to \$17 1/2 after the board had calmed fears over a delay in introducing the latest model line.

Warrants in Petro Lewis, the operator of oil search syndicates, dropped \$ 1/2 to \$6. Shares in Menan Oil were suspended at \$9 1/2 following news of a possible acquisition.

Mixed changes among the chemical

issues left Du Pont \$ 1/2 up at \$52 1/2 but American Cyanamid \$ 1/2 off at \$33.

In the credit market, yields on Treasury Bills fell by about 10 basis points at first but the declines were reduced when the Federal Funds rate traded slightly above its opening level.

The three month bill stood at a discount of 9.13 per cent, five basis points off, and the six month at 9.24 was a similar amount down.

The longer end of the market showed gains to about 1/2 of a point, with the key bond, the 12 per cent of 2013, holding firm at its peak. But trading was low, and retail buyers largely absent.

Municipal issues traded at slightly lower yields, reflecting the trend of the Federal bonds. Corporate issues remained quiet.

LONDON

Nerves show
as shake-out
progresses

LONDON equity markets traded nervously and lower again yesterday. A continuation of Tuesday's shake-out had by 1pm brought the FT Industrial Ordinary share index back 9 points more for a drop of over 25 points from Monday's record high, but the measure then rallied to close a net 7.4 down on the day at 718.8.

Concern about further public spending cuts and increased personal taxes, British Industrial and General Trust's liquidation of its £12m-plus equity portfolio and over-commitment in Irish Sea and other oil exploration stocks were again responsible for the loss of confidence. A report predicting that the UK economic recovery would fade and inflation rise next year further depressed equity markets.

Illustrating the trend of leading shares, only two constituents of the 30-share index managed plus signs.

An uninspiring performance by Wall Street, the fresh decline in UK equities and a lack-lustre showing by the bullion price produced a general round of profit-taking throughout mining markets. Details, Page 29; Share Information Service 30-31.

EUROPE

Bullish tone
continues
in Paris

THE BULLISH tone, which has pushed indices to record highs in recent days, spilled over into yesterday's session in Paris. Prices closed strongly higher on the first day of the new monthly account.

Even Wall Street's weakness and the renewed strength of the dollar had no apparent influence on the market.

Banks and foods rose particularly strongly. Cie Bancaire surged Ffr 22 to Ffr 339 and Perrier put on Ffr 7.5 to Ffr 343.

The higher dollar encouraged foreign investors in Frankfurt to return to the market and the Commerzbank index shed 0.7 to end at 936.5.

Deutsche Bank regained DM 4.50 to DM 314.50 after the previous day's slide on reports of a halt in Brazilian debt repayments. Bayerische Vereinsbank was up DM 2 to DM 317, while Dresdner Bank dropped DM 1.10 to DM 171 and Commerzbank shed 20 pfg to DM 169.50.

Electronics did well, with AEG up DM 1.40 to DM 70.90 and Brown Boveri DM 2.90 higher to DM 202.

Domestic bonds varied, with losses of as much as 0.20 points and gains of 0.15 points in very quiet and featureless trading.

Most stock moved lower in Amsterdam, but banks showed especially sharp declines because of disappointing half-year results. ABN dropped F1 8 to F1 370 and NMB lost F1 3 to F1 147.

In international, Akzo nearly doubled its morning losses, to end down F1 1.50 to F1 78.70. KLM also shed F1 1.30 to F1 149.50.

Bonds were unchanged. The ANP-CBS general index closed down 2.10 at 139.70.

In Brussels, stocks closed mixed to slightly lower in trading that was dampened by interest rate uncertainties. Steel and related stocks performed well, with Colco-Sambre gaining a further Bfr 2 at Bfr 166 and Arbed up Bfr 32 to Bfr 1,354.

Aacc, the engineering company, was down Bfr 8 at Bfr 642, while Fabrique Nationale (FN), which on Tuesday signed a Bfr 800m contract to supply escalators for the Belgian subway system, remained steady.

The move by major banks to raise interest rates for medium-term notes on Tuesday, left investors nervous in Zurich. Stock closed lower in thin trading and the Credit Suisse index ended down 2.3 to 285.7.

Milan closed generally lower amid uncertainty over Friday's meeting of the new Socialist Government, its first after the summer break. Quiet trading also took Madrid and Stockholm lower.

TOKYO

Yen's plunge
leads to
profit-taking

AN OVERNIGHT drop on both the New York and London exchanges, combined with the yen's plunge against the U.S. dollar led to profit-taking in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei-Dow Jones average of 225 select issues continued to fall, finishing the day at 9,147.34, off 21.94. Volume also declined from Tuesday's 432m shares to an estimated 320m shares. Losses out-numbered gains 380 to 289, with 191 issues unchanged.

As investors had no clear outlook on future price moves, because of the decline on overseas markets and the yen's depreciation, buying of speculatives increased, while internationals came under selling pressure.

These blue chips went down on small-lot selling. TDK plummeted Y120 to Y5,450, Sony Y80 to Y3,300 and Matsushita Electric Industrial Y20 to Y1,620. Medium-priced blue-chip issues which had been sought in recent sessions were also in the minus column. They included Oki Electric, down Y13 to Y717, and Citizen, Y20 to Y580.

Speculative leaders were bought, with Arabian Oil rocketing Y650 to Y6,950 and Keisei Electric Railway edging up Y5 to Y296. However, profit-taking sent Japan Line down Y8 to Y200 and Aoki Construction Y2 to Y628.

Although Hitachi was weak in the morning, in the afternoon it rallied on speculative buying by securities houses, advancing Y3 to Y884. This applied the brake to the general downtrend in share prices.

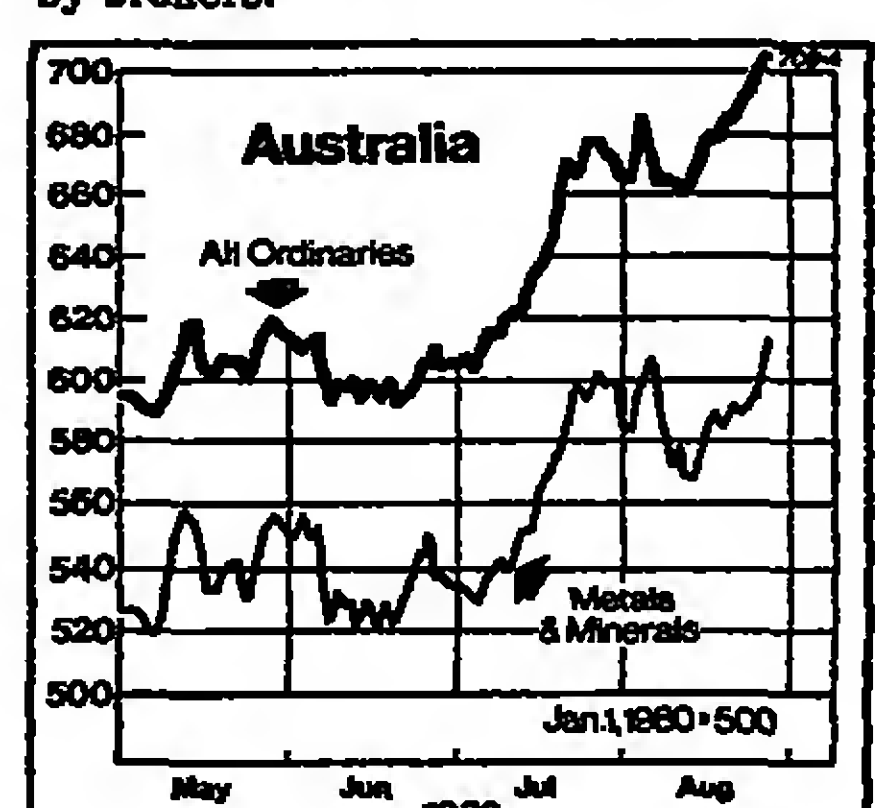
In the meantime, pharmaceuticals firmed on persistent rumours of new drug developments. Banyu Pharmaceutical leaped Y180 to Y1,360, Toyama Chemical Y28 to Y810 and Green Cross Y20 to Y1,680.

Brokers apparently wanted to make blue chips a major market-leading force, but were shackled by a high margin buying balance, so investors sought speculative leaders for immediate profit. Securities analysts said a fully-fledged upturn

could not be expected unless the downward direction of U.S. interest rates became clearer.

Bond prices eased off, with continued selling by city, regional and trust banks, as well as smaller financial institutions.

As yield on the barometer 7.7 per cent government bonds, with a little more than six years remaining to maturity, came closer to the 7.73-7.74 per cent range regarded by many financial organisations as the likely ceiling for the present, the bonds were sold in lots of Y2bn to Y5bn. However, with institutional investors remaining on the sidelines, these bonds were primarily purchased by brokers.



AUSTRALIA

Post-budget
buying spree
gathers pace

PENT-UP buying demand flooded the market in Sydney and Melbourne after the Federal Government released its budget on Tuesday night, and the All Ordinaries index pushed above the 700 level for the first time in more than two years.

The index, which was up as much as 17 points during the day, eased to finish at 708.4, up 14.

The resource sector led with especially sharp gains, and the base metal, oil and gas sectors were also stronger in reaction to the Government's failure to impose a tax on resources.

CRA rose 24 cents to A\$8.14, MIM

added 12 cents to A\$4.60, North Broken Hill firmed 10 cents to A\$3.38 and Western Mining ended up 16 cents at A\$5.20. Western Mining has agreed in principle to acquire Mesa Australia for US\$35.4m, subject to Government approval.

HONG KONG

BETTER than expected first-half profits from Hongkong and Shanghai Bank failed to ignite buying interest in Hong Kong yesterday.

The Hang Seng index slipped 10.96 to 982.18, its lowest since June 30.

Although Hongkong Bank rose 5 cents to HK\$ 7.90, after reporting profits up 8.8 per cent it failed to drag other stock along.

Jardines fell 20 cents to HK\$ 13, Swire Pacific "A" lost 20 cents to HK\$ 14.80 and Cheung Kong slipped 10 cents to HK\$ 8.10.

SINGAPORE

STRONG trading in the final hour took indices in Singapore to new highs. The Straits Times industrial index rose 4.65 to close at 989.75.

Malaysian United Industries closed 24 cents higher at S\$3.44 and Genting rose 10 cents to S\$5.

Trading in Straits Steamship was suspended until Monday after Keppel Shipyard made a general offer at S\$1.98 per share. Straits was unchanged at S\$1.92.

SOUTH AFRICA

GOLD shares eased with the bullion price and closed at or near their lows for the day in Johannesburg. In moderate trading, Randfontein shed R2 to R188 and Driefontein R1 to R42 among heavyweights, while losses among cheaper priced gold producers ranged to 25 cents for Zandpan, which closed at R18.75.

Other minings and financials, with the exception of platinum, followed the downward trend.

CANADA

TRADING maintained its recent lack-lustre path in Toronto, although stocks turned mixed at mid-session after opening lower. Metals and minerals and oil and gas issues registered the biggest declines, but golds were a bright spot. Other notable gains were Nova Scotia Savings and Loan, up C\$1 1/2 to C\$32 1/2, and Lac Minerals, which put on C\$1 1/4 to C\$38 1/4.

Montreal stocks were generally easier, but papers held firm.

KEY MARKET MONITORS



NEW YORK	Aug 24	Previous	Year ago
DJ Industrials	1184.25	1192.88	874.9
DJ Transport	824.25	830.83	538.95
DJ Utilities	130.59	131.17	115.31
S&P Composite	161.25	162.7	115.34

LONDON	Aug 24	Previous	Year ago
FT Ind Ord	718.8	724.0	588.4
FT-A All-share	454.52	458.07	341.38
FT-A 500	491.63	496.43	373.89
FT-A Ind	442.87	447.55	346.39
FT Gold mines	668.2	668.2	227.8
FT Govt sec	79.83	79.67	78.13

TOKYO	Aug 24	Previous	Year ago
Nikkei-Dow	9147.34	9169.18	7088.99
Tokyo SE	678.85	680.39	527.06

AUSTRALIA	Aug 24	Previous	Year ago
All Ord.	708.4	694.4	473.2
Metals & Mins.	613.6	595.8	380.7

AUSTRIA	Aug 24	Previous	Year ago
Credit Aktien	55.08	55.32	48.2

BELGIUM	Aug 24	Previous	Year ago
Belgian SE	133.85	134.16	94.61

CANADA	Aug 24	Previous	Year ago
Toronto Composite	2447.4	2450.7	1550.3
Montreal Industrials	434.53	435.74	280.85
Combined	408.85	408.39	267.24

DENMARK	Aug 24	Previous	Year ago
Copenhagen SE	182.97	181.3	88.44

FRANCE	Aug 24	Previous	Year ago
CAC Gen	137.4	137.3	96.7
Ind. Tendance	146.3	146.0	112.1

WEST GERMANY	Aug 24	Previous	Year ago
FAZ-Aktien	315.79	315.92	220.77
Commerzbank	936.5	937.2	673.4

HONG KONG	Aug 24	Previous	Year ago
Hang Seng	982.18	993.14	1034.88

ITALY	Aug 24	Previous	Year ago
Banca Comm.	204.71	206.21	172.83

NETHERLANDS	Aug 24	Previous	Year ago
ANP-CBS Gen	139.7	141.8	87.1
ANP-CBS Ind	114.3	115.8	88.4

NORWAY	Aug 24	Previous	Year ago
Oslo SE	201.01	207.02	105.58

SINGAPORE	Aug 24	Previous	Year ago
Straits Times	989.75	985.1	611.69

SOUTH AFRICA	Aug 24	Previous	Year ago
Golds	944.3	955.5	555.8
Industrials	928.5	929.1	604.8

SPAIN	Aug 24	Previous	Year ago
Madrid SE	117.03	117.72	109.88

SWEDEN	Aug 24	Previous	Year ago
J & P	1434.8	1475.16	619.19

SWITZERLAND	Aug 24	Previous	Year ago
Swiss Bank Corp	336.8	338.0	246.4

WORLD	Aug 24	Previous	Year ago
Capital Int'l	178.3	179.3	131.2

GOLD (per ounce)	Aug 24	Previous	Year ago
London	\$423.875	\$425.625	\$242.25
Frankfurt	\$424.25	\$426.25	\$242.25
Zurich	\$424.50	\$427.50	\$242.25
Paris (Bldg)	\$422.21	\$425.71	\$242.25
New York (Aug)	\$422.00	\$425.20	\$242.25

CURRENCIES

U.S. DOLLAR	Aug 24	Previous	Year ago
DM	1.519	1.529	1.405
DM	2.64	2.6325	4.01
Yen	243.15	243.3	372
FFr	7.95	7.9275	12.115
Sfr	2.15	2.141	3.275
Quid	2.9535	2.9440	4.485
Lira	1576.5	1568	2394.5
Bfr	52.95	52.74	80.62
CS	1.23025	1.23125	1.8885

INTEREST RATES

Euro-currencies (three month offered rate)	Aug 24	Prev
£	9 1/4	9 1/4
Sfr	4 1/2	4 1/2
DM	5 1/2	5 1/2
FFr	15 1/2	14 1/2
FT London Interbank (offered rate)		
3-month U.S.	10 1/4	10 1/4
6-month U.S.	10 1/4	10 1/4
U.S. Fed Funds	9 1/4	9 1/4
U.S. 3-month CDs	9.85	9.6
U.S. 3-month T-bills	9.13	9.19

U.S. Treasury Bonds

Aug 24	Yield	Price	Yield
10% 1985	9 1/2	10.67	9 1/2
10% 1990	9 1/2	11.39	10 1/2
11% 1993	10 1/2	11.52	10 1/2
12% 2013	10 1/2	11.52	10 1/2

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8 1/2 32nds of 100%	72-14	72-22	72-05	72-05

U.S. Treasury Bills (TBM)	1m points of 100%	3m points of 100%	6m points of 100%
September	90.97	90.97	90.87

Sept Deposit (BMM)	1m points of 100%	3m points of 100%	6m points of 100%
September	90.32	90.36	90.25

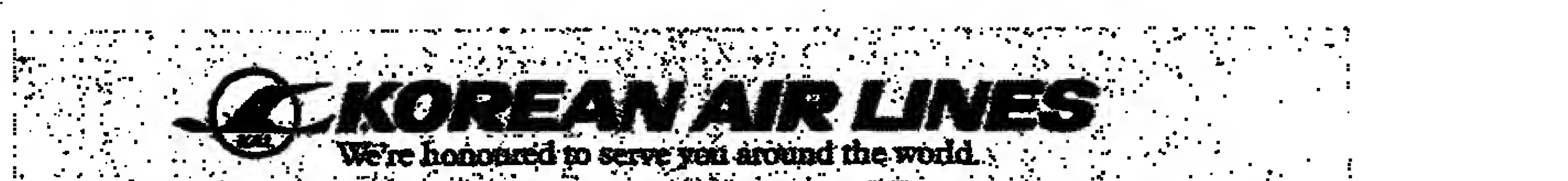
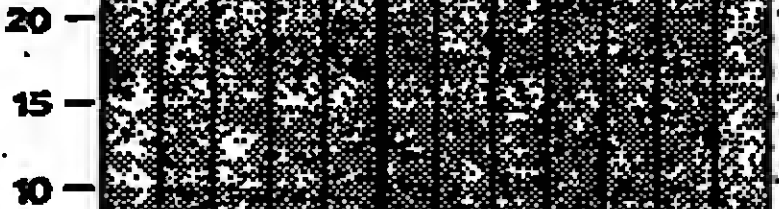
LONDON	3m points of 100%	6m points of 100%	12m points of 100%
September	90.00	90.00	89.91

20-year National Gilt	250,000 32nds of 100%	September	102-16	102-80	102-00	102-15
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LONDON COMMODITY MARKETS

World Crude Steel Production	
35—	
30—	

World Crude Steel Production



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Continued on Page 28

Continued from Page 26

Continued on Page 2

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a-Dividend Also extra(s). b-Annual rate of dividend plus stock dividend c-Equating dividend, old-called. d-New-year dividend e-Declared or paid in preceding 12 months g-Dividend in Canadian funds, subject to 15% non-residence tax. h-Dividend declared after split-up or stock taken action at least 60 days before date of payment i-Stock taken action at least 60-day meeting. k-Dividend declared or paid this year, an accumulative issue with dividends in arrears. l-Declared or paid in preceding 12 months m-Range begins with the start of trading n-Next day delivery. P/E=Price-earnings ratio. o-Dividend declared or paid in preceding 12 months p-Preferred stock q-Dividend declared or paid in preceding 12 months r-Split s-Poles. t-Dividend paid in stock in preceding 12 months u-Estimated cash value on ex-dividend or ex-distribution date. v-New-year dividend w-Declarable dividend x-Declarable dividend y-Declarable dividend z-Organized under the Bankruptcy Act, or securities assumed by another company without distribution. wwhen issued. x-When issued. y-When issued. z-When issued. aa-Without warrants. y-x-dividend and sales in ft. yd-yield

2-sales in full

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Based on 1975. 1
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The provisional date and editorial synopsis are set out below

12 OCTOBER 1983

Copy Date 19 September

(b) Profiles:

- (i) A state trading corporation;
- (ii) A provincial trading corporation;
- (iii) An independent trader.

(c) Have things really got easier for foreign business in China?

- (i) An article by a trader with twenty years' experience of dealing with the People's

- (ii) Profiles of four key business deals which have either won through or been frustrated and failed. One Japanese, a British deal, one from the U.S. and one from Australia.
- (iii) A brief guide to China's new legal framework and an assessment of how reliable it is.

- (ii) Profiles of four key business deals which have either won through or been frustrated and failed. One Japanese, a British deal, one from the U.S. and one from Australia.
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6	Member at Large
7	Member at Large
8	Member at Large
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10	Member at Large
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LONDON STOCK EXCHANGE

MARKET REPORT

Equities remain nervous and lacking in confidence

Index falls 7.4 more to 716.6

Account Dealing Dates

Options

First Declared Last Account

Dealing Dates

Sept 15 Sept 16 Sept 17

Sept 18 Sept 19 Sept 20

Sept 21 Sept 22 Sept 23

Sept 24 Sept 25 Sept 26

Sept 27 Sept 28 Sept 29

Sept 30 Oct 1 Oct 2

Oct 3 Oct 4 Oct 5

Oct 6 Oct 7 Oct 8

Oct 9 Oct 10 Oct 11

Oct 12 Oct 13 Oct 14

Oct 15 Oct 16 Oct 17

Oct 18 Oct 19 Oct 20

Oct 21 Oct 22 Oct 23

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May 24 May 25 May 26

May 27 May 28 May 29

May 30 Jun 1 Jun 2

Jun 3 Jun 4 Jun 5

Jun 6 Jun 7 Jun 8

Jun 9 Jun 10 Jun 11

Jun 12 Jun 13 Jun 14

Jun 15 Jun 16 Jun 17

FINANCIAL TIMES STOCK INDICES

	Aug. 24	Aug. 25	Aug. 26	Aug. 27	Aug. 28	Aug. 29	Aug. 30	Aug. 31	Aug. 31
Government Secs...	79.53	79.57	79.58	79.53	79.53	79.53	79.53	79.53	79.53
Fixed Interest...	68.53	68.53	68.53	68.53	68.53	68.53	68.53	68.53	68.53
Industrial Ord...	716.6	716.6	716.6	716.6	716.6	716.6	716.6	716.6	716.6
Gold Min. Yield...	668.2	668.2	668.2	668.2	668.2	668.2	668.2	668.2	668.2
Ord. Div. Yield...	4.59	4.59	4.59	4.59	4.59	4.59	4.59	4.59	4.59
Earnings Yield (Full)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
P/E Ratio (Full)	13.10	13.10	13.10	13.10	13.10	13.10	13.10	13.10	13.10
Total Returns	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100
Equity turnover (m)	177.31	177.31	177.31	177.31	177.31	177.31	177.31	177.31	177.31
Equity turnover (m)	19,282	19,282	19,282	19,282	19,282	19,282	19,282	19,282	19,282
Shares traded (m)	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5

10 am 716.6, 11 am 716.4, Noon 716.0, 1 pm 715.0.

Basis 100 Govt. Secs. 16/10/78, Fixed Int. 1828, Industrial 1/7/75.

Gold Min. 12/10/78, SE Activity 1874.

Latest Index 01-246 0022.

Nil=12.35.

HIGHS AND LOWS S.E. ACTIVITY

	1983	Since Completion	Aug. 24	Aug. 25	Aug. 26	Aug. 27	Aug. 28	Aug. 29	Aug. 30	Aug. 31
Govt. Secs.	79.53	79.57	79.58	79.53	79.53	79.53	79.53	79.53	79.53	79.53
Fixed Int.	68.53	68.53	68.53	68.53	68.53	68.53	68.53	68.53	68.53	68.53
Ind. Ord.	716.6	716.6	716.6	716.6	716.6	716.6	716.6	716.6	716.6	716.6
Gold Min.	668.2	668.2	668.2	668.2	668.2	668.2	668.2	668.2	668.2	668.2

where in retailers, falls of 4

were common to Nurdia and

Peacock, 140p, and Linford,

312p, while Tesco eased a couple

of pence to 147p. Further con-

solidation of the merger clipped

a penny from Argill, 122p, and

4 from Amalgamated Distilled

Products, 158p.

Hotels also lacked support.

Grand Metropolitan shed 4 for

a two-day fall of 11 at 349p. Last

broke closed 3 cheaper at 220p.

Turner and Newall fall

Asbestos manufacturers

Turner and Newall and Cape In-

dustries were notable casualties

in the miscellaneous industrial

sector, while the latter 7 lower

at 150p following the further tightening

of controls on the use of asbestos

in the UK. Elsewhere, Glasco

lost 7p on renewed profit-

taking before rallying to close

unrecovered on balance at 810p.

Unilever lost 15 to 760p and BOC

declined 6 to 329p as did

Bentley, 239p. On the other hand, rose 5

to 183p following revived specu-

lative interest. Continuing to

draw strength from the excellent

interim results and the board's

cautious remarks about second-

half prospects, Ceylon rose 6

for a two-day jump of 25 to 98p.

Down 80 the previous day,

Bellair Communications rebounded

100p to 800p on renewed specu-

lative buying, while M.Y. Dart

hardened 21 to 241p for the same

reason. Old Comptons were

notable for a rise of 15 at 230p.

Profit-taking in the wake of the

interim results left Hawley 10

down at 175p, while the

Spring Grove, the latter eased a

penny further to 46p. Awaiting

today's interim results, Bath and

Portland eased 4 to 102p. British

Aerospaces rose 11 to 170p, with

sentiment still affected by fears

of defence spending cuts.

Motor and Aircraft component

manufacturers finished a shade

attempted rallies. Atlantic

Resources closed around the

day's lowest with a fresh fall of

75 to 285p. Aran finished above

the worst with a loss of 4 at 34p.

after 32p, but Eglington closed

without alteration at 150p after

touching 130p. Elsewhere, Floyd

Oil reacted 10 to 83p on the pro-

posed rights issue. Leading oil

traded easier initially, but

recovered to close with little

alteration on balance. Britoil,

however, closed 6 lower at 285p

in front of today's half-yearly

figures, while Lasso fell afresh

to 325p following comment on

the interim results before rally-

ing to settle with a fall 12 on

balance at 340p.

De Beers weak

Inspiring performance

by Wall Street, the fresh decline

in UK equities and a lack-lustre

showing by the bullion price pro-

duced a general round of profit-

taking throughout mining

markets.

De Beers was the day's most

active stock and dropped a

further 30 to 635p as renewed

selling followed the disappointing

interim results which

other notable weak spots in-

cluded Platinum, which

retreated in the face of substan-

tial profit-taking. Impala

dropped 26 to 910p. Rustenburg

dropped 18 to 785p and Lydenburg 5

to 575p.

London Financials were also

permanently sold with all four of

the leading issues weighed by

the equity market weakness.

The initial selling pressure,

which produced double figure

losses in BTZ and Gold Fields,

abated in afternoon trading and

the latter rallied to close a net

7 lower at 618p while the former

were finally quoted 8 cheaper on

balance at 547p.

The cautious response of

asbestos controls on its sub-

sidiary, Cape Industries, Hampton

Areas gave up 4 to 224p.

The asbestos industry began the

day under pressure and con-

tinued to drift throughout the

session, although losses were

kept to minimal levels. The Gold

Fields showed a 2.0 decline

at 662p, while bullion closed

\$175 cheaper at \$423.875 an

ounce.

South African Financials pro-

vided a firm feature in "John-

nies" which moved up 22 to 682

in the wake of the better than

expected full-year profits and

the increased dividend.

The enthusiastic response of

overnight Sydney and Melbourne

markets to the Federal budget,

details of which were known an

hour before the London open, pro-

duced any widespread demand for

Australian, although a number

of Gold issues made good pro-

gress.

Lead Mines of Kalgoorlie were

a feature and jumped 50 to 680p,

reflecting the absence of a tax on

Options

Contracts done

amounted to 1,403—the lowest

total for three weeks. Changes

in premiums tended to reflect

those in the underlying share

prices, with British Petroleum

October 600 puts 6 dearer at 46p.

ICI attracted 238 puts, with 100

struck in the October 600's, un-

changed at 80p.

NEW HIGHS AND

LOWS FOR 1983

The other side of the property coin.

BRIMINGHAM 0254 5091
LEEDS 0532 7570
LONDON 0124 2151

Espley-Tyas Property Group plc

FT LONDON SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

LOANS—Continued

High	Low	Stock	Price	Yield	Div.	Yield	Div.
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%

BANKS—Continued

High	Low	Stock	Price	Yield	Div.	Yield	Div.
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%

CHEMICALS, PLASTICS—Cont.

High	Low	Stock	Price	Yield	Div.	Yield	Div.
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%

ELECTRICALS—Continued

High	Low	Stock	Price	Yield	Div.	Yield	Div.
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%

BRITISH FUNDS

High	Low	Stock	Price	Yield	Div.	Yield	Div.
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%

FOREIGN BONDS & RAILS

High	Low	Stock	Price	Yield	Div.	Yield	Div.
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%
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AMERICANS

High	Low	Stock	Price	Yield	Div.	Yield	Div.
100%	100%	100%	100%	100%	100%	100%	100%
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100%	100%	100%	100%	100%	100%	100%	100%

BEERS, WINES & SPIRITS

High	Low	Stock	Price	Yield	Div.	Yield	Div.
100%	100%	100%	100%	100%	100%	100%	100%
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100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%

BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	Yield	Div.	Yield	Div.
100%	100%	100%	100%	100%	100%	100%	100%
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ELECTRICALS

High	Low	Stock	Price	Yield	Div.	Yield	Div.
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100%	100%	100%	100%	100%	100%	100%	100%
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FOOD, GROCERIES, ETC.

High	Low	Stock	Price	Yield	Div.	Yield	Div.
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HOTELS AND CATERERS

High	Low	Stock	Price	Yield	Div.	Yield	Div.
100%	100%	100%	100%	100%	100%	100%	100%
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INDUSTRIALS (Misc.)

High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%

High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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High	Low	Stock	Price	Yield	Div.	Yield	Div.
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100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%

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Liberty Life Assurance Co Ltd									
3 Darques Lane, Paterns Bar,	9707-42311								
Equity	105.2	110.8	-0.3						
North America	105.1	110.9	-0.3						
Europe	105.1	110.9	-0.3						
Japan	105.1	110.9	-0.3						
Managed	105.1	110.9	-0.3						
Prime Rate	99.0	104.2	-0.2						
Capital	105.1	110.9	-0.3						
Life	105.1	110.9	-0.3						
100 Temple St, Bristol	BS1 6EN								
Commercial Union Group									
100 Temple St, Bristol	BS1 6EN								
Equity	220.1	220.9	-0.1						
North America	220.1	220.9	-0.1						
Europe	220.1	220.9	-0.1						
Japan	220.1	220.9	-0.1						
Managed	220.1	220.9	-0.1						
Prime Rate	99.0	104.2	-0.2						
Capital	220.1	220.9	-0.1						
Life	220.1	220.9	-0.1						
Index St	116.3	124.8	-0.5						
Life	116.3	124.8	-0.5						
London Life Managed	116.3	124.8	-0.5						
Life	116.3	124.8	-0.5						
Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc Gr	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc	103.3	109.0	-0.5						
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Fixed Inc	103.3	109.0	-0.5						
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Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						
Fixed Inc	103.3	109.0	-0.5						
Life	103.3	109.0	-0.5						

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Alpha Ind. Tech. Index		01-236-1853		Alpha Ind. Tech. Index		01-236-1853	
High Income	111.5	55.74	-0.8	4.35	High Income	111.5	55.74
High Income Equity	111.5	55.74	-0.8	4.35	High Income Equity	111.5	55.74
American Growth	109.3	108.8	-0.5	1.43	American Growth	109.3	108.8
International Growth	109.3	108.8	-0.5	1.43	International Growth	109.3	108.8
Commodity & Emp.	109.3	108.8	-0.5	1.43	Commodity & Emp.	109.3	108.8
Global	109.3	108.8	-0.5	1.43	Global	109.3	108.8
US Growth	109.3	108.8	-0.5	1.43	US Growth	109.3	108.8
Worldwide Bond	109.3	108.8	-0.5	1.43	Worldwide Bond	109.3	108.8
Alpha Home	109.3	108.8	-0.5	1.43	Alpha Home	109.3	108.8
1. Wachusett	109.3	108.8	-0.5	1.43	1. Wachusett	109.3	108.8
2. Wachusett	109.3	108.8	-0.5	1.43	2. Wachusett	109.3	108.8
3. Wachusett	109.3	108.8	-0.5	1.43	3. Wachusett	109.3	108.8
4. Wachusett	109.3	108.8	-0.5	1.43	4. Wachusett	109.3	108.8
5. Wachusett	109.3	108.8	-0.5	1.43	5. Wachusett	109.3	108.8
6. Wachusett	109.3	108.8	-0.5	1.43	6. Wachusett	109.3	108.8
7. Wachusett	109.3	108.8	-0.5	1.43	7. Wachusett	109.3	108.8
8. Wachusett	109.3	108.8	-0.5	1.43	8. Wachusett	109.3	108.8
9. Wachusett	109.3	108.8	-0.5	1.43	9. Wachusett	109.3	108.8
10. Wachusett	109.3	108.8	-0.5	1.43	10. Wachusett	109.3	108.8
11. Wachusett	109.3	108.8	-0.5	1.43	11. Wachusett	109.3	108.8
12. Wachusett	109.3	108.8	-0.5	1.43	12. Wachusett	109.3	108.8
13. Wachusett	109.3	108.8	-0.5	1.43	13. Wachusett	109.3	108.8
14. Wachusett	109.3	108.8	-0.5	1.43	14. Wachusett	109.3	108.8
15. Wachusett	109.3	108.8	-0.5	1.43	15. Wachusett	109.3	108.8
16. Wachusett	109.3	108.8	-0.5	1.43	16. Wachusett	109.3	108.8
17. Wachusett	109.3	108.8	-0.5	1.43	17. Wachusett	109.3	108.8
18. Wachusett	109.3	108.8	-0.5	1.43	18. Wachusett	109.3	108.8
19. Wachusett	109.3	108.8	-0.5	1.43	19. Wachusett	109.3	108.8
20. Wachusett	109.3	108.8	-0.5	1.43	20. Wachusett	109.3	108.8
21. Wachusett	109.3	108.8	-0.5	1.43	21. Wachusett	109.3	108.8
22. Wachusett	109.3	108.8	-0.5	1.43	22. Wachusett	109.3	108.8
23. Wachusett	109.3	108.8	-0.5	1.43	23. Wachusett	109.3	108.8
24. Wachusett	109.3	108.8	-0.5	1.43	24. Wachusett	109.3	108.8
25. Wachusett	109.3	108.8	-0.5	1.43	25. Wachusett	109.3	108.8
26. Wachusett	109.3	108.8	-0.5	1.43	26. Wachusett	109.3	108.8
27. Wachusett	109.3	108.8	-0.5	1.43	27. Wachusett	109.3	108.8
28. Wachusett	109.3	108.8	-0.5	1.43	28. Wachusett	109.3	108.8
29. Wachusett	109.3	108.8	-0.5	1.43	29. Wachusett	109.3	108.8
30. Wachusett	109.3	108.8	-0.5	1.43	30. Wachusett	109.3	108.8
31. Wachusett	109.3	108.8	-0.5	1.43	31. Wachusett	109.3	108.8
32. Wachusett	109.3	108.8	-0.5	1.43	32. Wachusett	109.3	108.8
33. Wachusett	109.3	108.8	-0.5	1.43	33. Wachusett	109.3	108.8
34. Wachusett	109.3	108.8	-0.5	1.43	34. Wachusett	109.3	108.8
35. Wachusett	109.3	108.8	-0.				

Anderson Unit Trust Mngers. Ltd.		Danville Life Unit Trust Mngers. Ltd.	
52, London Way, EC2R 7ND	0-638 1200	3, City Walk St, Petersham, W. Yorks.	P. Bar 511322
Accumulation	187.9	Do. Gen. Accoun.	102.4
Income	184.0	Do. Gen. Accoun.	102.4
Anthony Winder Unit Trust	1.254	Do. Gen. Accoun.	102.4
119, Widgeons Ln, London E2 7HP	0-377 1001	Do. Gen. Accoun.	102.4
Accumulation	77.2	Do. Gen. Accoun.	102.4
Income	77.2	Do. Gen. Accoun.	102.4
Arthur F. G. Ltd.	2.501	Do. Gen. Accoun.	102.4
1, Grosvenor Gardens, London, W1R 1BT	0-638 1200	Do. Gen. Accoun.	102.4
Accumulation	2.501	Do. Gen. Accoun.	102.4
Income	2.501	Do. Gen. Accoun.	102.4
Barclays Securities Ltd. (A/C)	0-638 1200	Do. Gen. Accoun.	102.4
1, Grosvenor Gardens, London, W1R 1BT	0-638 1200	Do. Gen. Accoun.	102.4
Accumulation	2.501	Do. Gen. Accoun.	102.4
Income	2.501	Do. Gen. Accoun.	102.4
Barnes Unit Trust	1.254	Do. Gen. Accoun.	102.4
119, Widgeons Ln, London E2 7HP	0-377 1001	Do. Gen. Accoun.	102.4
Accumulation	77.2	Do. Gen. Accoun.	102.4
Income	77.2	Do. Gen. Accoun.	102.4
Barnes Unit Trust	1.254	Do. Gen. Accoun.	102.4
119, Widgeons Ln, London E2 7HP	0-377 1001	Do. Gen. Accoun.	102.4
Accumulation	77.2	Do. Gen. Accoun.	102.4
Income	77.2	Do. Gen. Accoun.	102.4
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Income	77.2	Do. Gen. Accoun.	102.4
Barnes Unit Trust	1.254	Do. Gen. Accoun.	102.4
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Income	77.2	Do. Gen. Accoun.	102.4
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Income	77.2	Do. Gen. Accoun.	102.4
Barnes Unit Trust	1.254	Do. Gen. Accoun.	102.4
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Accumulation	77.2	Do. Gen. Accoun.	102.4
Income	77.2	Do. Gen. Accoun.	102.4
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Income	77.2	Do. Gen. Accoun.	102.4
Barnes Unit Trust	1.254	Do. Gen. Accoun.	102.4
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Barnes Unit Trust	1.254	Do. Gen. Accoun.	102.4
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Income	77.2	Do. Gen. Accoun.	102.4
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119, Widgeons Ln, London E2 7HP	0-377 1001	Do. Gen. Accoun.	102.4
Accumulation	77.2	Do. Gen. Accoun.	102.4
Income	77.2	Do. Gen. Accoun.	102.4

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James Lawrie Fed. Mgrs. (g) 10001 Plaza, London SW9 0HU 01-245-9121 Income 73.9 Div. 23.2 Yld. 4.4 S. 8.0			Prudential Administration (a) (b) Premier UT Adm. 5 Raynham Rd. Hutton, Basingstoke, Hants. 0277 217259-227 300 Income 73.9 Div. 23.2 Yld. 4.4 S. 8.0		
Discord Ltd. (a) (b) Edinburgh Financial Managers Ltd. 10 Melville Cts., Edinburgh 031-226-9931 Income 73.9 Div. 23.2 Yld. 4.4 S. 8.0			High Income Funds Income 73.9 Div. 23.2 Yld. 4.4 S. 8.0		
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The cruellest blow this child can receive now is for you to turn the page.

The damage has been done, and what this child needs now is help. Like 50,000 other children this year, she's relied on the NSPCC for that help. Now, in turn, we're looking to you.

As an independent organisation, the NSPCC relies mainly on public donations.

Even if you can afford just 10p, you'll be paying for one of the 7,000 or more phone calls we have to make every day of the year (Christmas included).

If you send a larger donation you'll be helping us to set up our thirteenth permanent special unit, to provide 24 hour assistance to abused children and their families.

Whatever you send it'll be used immediately to help children. Helping to stem the flood of serious cases, which gets larger every year.

Please send your money using the coupon below. And thank you for not turning over.

Yes, I would like to help, and I enclose my cheque or postal order for £ _____ AM66

Access and Visa card holders may debit their accounts, No. ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

Signature _____ Name _____
(BLOCK CAPITALS PLEASE)

Address _____ Postcode _____

Please send your donation to: Dr A. Gilmore, Room A NSPCC, 1 Riding House St, London W1E 8FA

INSURANCES

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NOTES

Prices are in pence unless otherwise indicated and those designated \$ with no prefix refer to U.S. dollars. Yields are stated on an annual basis.

1. **Fixed Income Securities**—Offered prices include all expenses. In today's prices, % Yield based on offer price. d. Estimated. e. Today's opening price. f. Distribution free of U.S. taxes. g. Periodic premium and commission. h. Single premium and commission. i. Offered price includes all expenses except agent's commission. j. Offered price includes all expenses if bought through manager. k. Previous day's price. l. Guaranteed price. m. Suspended or Yield Below Jersey law. n. Subordinated. o. Only available in certain states. p. Yield shown when annualized rate of NAV increase.

Eurodollars stable

Managing director for Engelhard Industries

business

in overall control of its UK operations. Since 1978 he has been general works manager of the truck tyre division at Fort Dunlop, Birmingham.

★

Mr Roy Brunjes has been appointed general manager—joint operations in TEXACO's exploration and producing department. He remains in London. Mr Brunjes was assistant General manager—joint operations.

★

Following the recent announcement that Mr Erle Tait will join

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND as secretaries designate on November 14, Mr Ian Morrison will act as deputy secretary until further notice. Mr Morrison is currently director general of education and his new appointment as deputy secretary will assist a smooth transfer of responsibilities to Mr Gordon Stewart, to Mr Tait. Mr Morrison is at present on secondment to the Institute until November 15, when he returns to Haskins and Sells.

*

Mr William J. Truzy Jr is joining the Board of ENSKILDA SECURITIES as director of special responsibility for capital markets in the U.S. He was formerly a senior vice president

weak, but recovered to finish little changed on the day.

CHICAGO

U.S. TREASURY BONDS (CBT)
 8% \$100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	72-19	72-22	72-05	72-05
Dec	72-00	72-03	71-19	71-19
March	71-16	71-19	71-04	71-03
June	71-02	71-04	70-24	70-22
Sept	70-18	70-19	70-13	70-11
Dec	70-13	70-15	70-04	69-28
March	70-06	70-07	70-05	69-28
June	69-31	69-31	69-26	69-19
Sept	—	—	—	—

Mr. Lawrence H. Tyme is an advisory director of Massey Burch Investment Group, Inc., a U.S. venture capital firm. He will be based in London.

★

Mr. Michael R. Johnstone has been appointed managing director of SHEAFFER PENS, UK, division of Tectron Inc.

Mr. A. A. Lonn has been appointed managing director of SUPRA SUREPARTS. He was general manager.

★

At SCANDINAVIAN BANK **Mr. David L. Evans** has been promoted to general manager—Eurobond dealing.

★
Mr H. M. F. Barnes will retire from the board of COMMUNITY REINSURANCE CORP on August 31.

★

GLENDINNING ASSOCIATES INTERNATIONAL has appointed Mr Gordon H. Palethorpe as director of management consulting in the European division based in London. He was previously general manager with Pickering & Co., subsidiary of H. J. Heinz and Co.

★

Consequent on the F. S. W. Group of companies joining DOBSON PARK INDUSTRIES, the following appointments are con-

Arrived: Mr J. J. Graham becomes managing director of Gullek Dobson, and Mr J. Shepherd continues as managing director of the F. S. W. Group of companies.

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These bonds were offered and sold outside the United States.
This announcement appears as a matter of record only.

U.S. \$125,000,000

Revlon International Finance B.V.

and

Revlon International Finance N.V.

11% Guaranteed Notes Due 1990

Unconditionally Guaranteed by

REVLON, Inc.

Lehman Brothers Kuhn Loeb
International, Inc.

Lazard Frères & Co.

Deutsche Bank Aktiengesellschaft Dresdner Bank Aktiengesellschaft Kredietbank N.V. Manufacturers Hanover Limited
Morgan Guaranty Ltd. N. M. Rothschild & Sons Limited Société Générale
Swiss Bank Corporation International Union Bank of Switzerland (Securities) Limited

Algemene Bank Nederland N.V. Amro International Limited. Arnold and S. Bleichroeder, Inc.
Banca Commerciale Italiana Banca del Gottardo Bank of America International Bank Julius Bär & Co. AG.
Bank Cantrade Switzerland (C.I.) Limited Bank für Gemeinwirtschaft Bank Gutzwiller, Kurz, Buegener (Overseas) Limited
Bank Leu International Ltd. Bank Leumi Le-Israel Group Bank of Tokyo International Limited Bankers Trust International
Bankhaus Gebrüder Bethmann Banque Bruxelles Lambert S.A. Banque Générale du Luxembourg S.A.
Banque Indosuez Banque Internationale à Luxembourg Société Anonyme Banque Nationale de Paris
Banque Paribas Banque de Paris et des Pays-Bas Belgique S.A. Banque de Paris et des Pays-Bas (Suisse) S.A.
Banque Populaire Suisse S.A. Luxembourg Banque Privée S.A. Banque Privée de Gestion Financière SFRP

Banque de l'Union Européenne Banque Worms Barclays Bank Group Baring Brothers & Co., Limited
Bayerische Hypotheken- und Wechsel Bank Bear, Stearns International Limited Bergen Bank A/S
Berliner Bank Blyth Eastman Paine Webber Breisach Pinschof Schoeller Caisse Centrale des Banques Populaires
Chemical Bank International Group CIBC Limited Clarend Bank Compagnie de Banque et d'Investissements, CBI
Copenhagen Handelsbank A/S County Bank Limited Crédit Commercial de France Crédit Industriel d'Alsace et de Lorraine
Crédit Lyonnais Crédit du Nord Credit Suisse First Boston Limited Creditanstalt Bankverein

Dai-ichi Kangyo International Limited Daiwa Europe Limited Richard Daus & Co. Den Danske Bank A/S
Den norske Creditbank Deutsche Girozentrale DG Bank Dillon, Read Overseas Corporation
Dominion Securities Ames Limited Drexel Burnham Lambert Effectenbank-Warburg Enskilda Securities Eurobank AG
European Banking Company First Chicago Limited Genossenschaftliche Zentralbank AG
Girozentrale und Bank der Österreichischen Sparkassen Goldman Sachs International Corp. Hessische Landesbank - Girozentrale
Hill Samuel & Co. Limited The Hongkong Bank Group Kidder, Peabody International Kleinwort, Benson Limited

Lazard Brothers & Co., Ltd. Lazard Frères et Cie Lloyds Bank International LTCB International Limited Merck, Finck & Co.
Merrill Lynch International & Co. B. Metzler seel. Sohn & Co. Mitsubishi Bank (Europe) S.A. Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited Morgan Stanley International The Nikko Securities Co., (Europe) Ltd.
Nippon Credit International (HK) Ltd. Nomura International Limited Norddeutsche Landesbank Sal. Oppenheim jr. & Cie.
Orion Royal Bank Limited Prudential-Bache Securities Richardson Green Shields of Canada (U.K.) Limited Salomon Brothers International
Schroder, Münchmeyer, Hengst & Co. J. Henry Schroder Wagg & Co. Limited Smith Barney Harris Upham & Co.

Société Centrale de Banque Sparkassen SDS Strauss, Turnbull & Co. Svenska Handelsbanken Group SwedBank
Uebersee Limited Union Bank of Norway Ltd. Vereins- und Westbank J. Vontobel & Co. S.G. Warburg & Co. Ltd.
M.M. Warburg-Brinckmann, Wirtz & Co. Westdeutsche Landesbank Wood Gundy Limited Yamaichi International (Europe) Limited
August, 1983

VONTOBEL EUROBONDINDICES

WEIGHTED AVERAGE YIELDS

PER AUGUST 23 1983

	Today	Last week	%	Year's
INDEX			High	Low
US\$ Eurobonds	11.82	12.24	12.54	11.23
DM (Foreign Bond Issues)	7.57	7.67	7.78	7.23
NFL (Bearer Notes)	8.48	8.39	8.67	7.43
Cons Eurobonds	13.23	13.34	13.55	12.82

J. Vontobel & Co. Bankers, Zurich - Tel: 010 411 488 7111

Weekly net asset value



Tokyo Pacific Holdings (Seaboard) N.V.

on 22nd August, 1983, US. \$81.98

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heiding & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

Are you one of Europe's top 500 companies?

The FT European Top 500 survey gives the Financial Times a publishing first.

The FT has devised a way of measuring the value and performance of European companies - a way that is realistic and enables you to compare diverse companies offering a kaleidoscope of products and services.

The yardstick is market capitalisation - the value of each company's share (based upon information from leading European stock exchanges) multiplied by the number of shares in the company. And the survey ranks the top 500 companies.

13 European countries are represented in this year's list. Britain leads with 233 followed by West Germany with 79, on down to Norway, Finland and Ireland with less than 6.

The FT's tables rank the top publicly-quoted companies, including banks throughout Europe. And one table ranks the top UK companies, with an analysis of major UK trends.

The articles which accompany the figures explain some of the surprises - for instance why Marks and Spencer comes No. 48 measured by sales, but shoots up to No. 4 measured on the FT's market capitalisation scale.

The FT survey is a double-first. The first time European companies have been measured in a way which makes comparisons meaningful. And the first of what will now be an annual survey.

This 8-page survey gives you the base for future reference. Reprints are available price £2.50 from the addresses below.

No FT... no comment.

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INTERNATIONAL CAPITAL MARKETS

NEW \$300M TRANCHE SOUGHT AFTER NEGOTIATION OF IMF LOAN

Portugal back to Euromarket

BY DIANA SMITH IN LISBON

PORTUGAL, which has kept a low borrowing profile since the spring, will return to the Euromarket in September for a second \$300m tranche of the 1983 Republic of Portugal loan.

In February, the former Government announced that this year, the Republic would require \$650m in medium-term credits. The first \$300m tranche was negotiated by the Balsemao Government when international confidence in its ability had shrunk badly.

The country is expected to seek the new tranche in a market that is better disposed since the installation of the Soares administration and following the successful negotiation of a standby loan from the International Monetary Fund (IMF) for \$480m which will be delivered in three tranches over the next 18 months.

The IMF deal also entails delivery before the end of this year of a compensating financing facility of \$200m or \$250m covering 1981 export losses.

The first tranche of the standby loan due later this year is the smallest, only full compliance with strict performance clauses will ensure delivery of the second and third tranches.

To comply, the Soares Government must reduce the balance of payments deficit on the current account to \$20m this year and \$1.25bn in 1984 as against \$3.3bn in 1983. This it repaid through the sale of 30 tonnes of its 687 tonnes of gold reserves. Then in June it came back for \$300m in a gold swap arrangement. It is understood that a third BIS short-term loan is being negotiated to help cash flow until IMF funds are delivered.

This entails retrenchment of spending and borrowing in the debt-ridden public sector.

The Government is considering the creation of an inter-ministerial commission that will be empowered to co-ordinate and lay down guidelines for public sector foreign borrowing.

The new Finance Minister Sr Ernani Lopes is adamant that public sector companies will not be used systematically to swell foreign currency reserves. This practice was heavily adopted by the former Government. As a result, foreign debt soared from \$7.2bn in 1980 to \$13.5bn at the end of 1983 and \$14.2bn in April this year.

The strain on Portugal's modest resources created by this debt, with its 30 per cent short-term element, drained currency reserves to as low as 10 to 15 days' import coverage. In

spring, Portugal came close to breaking point.

The Bank of Portugal turned to the Bank for International Settlements (BIS) in March for \$400m. This it repaid through the sale of 30 tonnes of its 687 tonnes of gold reserves. Then in June it came back for \$300m in a gold swap arrangement. It is understood that a third BIS short-term loan is being negotiated to help cash flow until IMF funds are delivered.

Debt servicing this year requires \$1.3bn and in 1984, \$1.5bn. Greater control of public spending should start to cool overall foreign borrowing soon.

Apart from tighter supervision of foreign borrowing after two years of overheating, the market should also welcome the news the Bank of Portugal will handle negotiations for the second tranche of the Republic of Portugal loan exclusively.

The first tranche was handled by several people in Lisbon and London, confusing the market and prompting bankers to recommend that Lisbon stop trying to play a market with which it was unfamiliar and let experienced people take charge.

Bankers now seem more confident that with a new team in the Finance Ministry, whose relations with the Bank of Portugal are better than in recent years, market approaches will be smoother.

By autumn, the Government should have a programme for the public sector's foreign borrowing. Apart from the Republic, few public bodies are likely to seek medium term loans this year. Electricity, the only concern authorised to tap the market before September failed to complete a \$190m loan. It may try again later.

It is understood that the National Savings Bank and the Development Bank may seek loans later this year.

The Finance Ministry's public sector investment by about 10 per cent this year, large projects in petrochemicals, steel, shipbuilding and re-splicing, energy and transport - are being scrupulously looked into. Some are likely to be cut back.

The IMF agreement is seen in Lisbon as a trigger for economic discipline and for a more sober relationship with the international finance market.

Dutch discover bond forgery

THE DUTCH Finance Ministry has discovered instances of forgery involving a government bond issue bearing a 12 1/2 per cent coupon, issued in 1981 and maturing in 1987 through 1991. AP-DJ reports from The Hague.

The Ministry said the forged bonds are in bearer form and are in denominations of 10,000 guilders.

The forgery was discovered when coupons, cashed at unnamed banks outside the Netherlands, were repatriated to the Netherlands and discovered to be fraudulent. The Justice Ministry is investigating the case. Further details will be available today, a Ministry spokesman said.

Morocco to reschedule debt

BY OUR EUROMARKETS CORRESPONDENT

MOROCCO yesterday took the first formal step towards a rescheduling of its medium and long-term debt by inviting leading creditor banks to a special meeting in Rabat on September 9.

The meeting will also be attended by representatives of the International Monetary Fund, which recently agreed to lend the hard pressed country \$300m subject to approval by its Executive Board next month.

The Moroccan Finance Ministry told bank creditors in its telex yesterday that short-term debt would be excluded from the restructuring, although it asked banks not to withdraw short-term credit facilities estimated at about \$500m.

The meeting in Rabat is expected to concentrate on establishing how much debt Morocco will need to reschedule. Bankers initially expect that the amount involved could be fairly small and might not exceed \$200m. Morocco has a total foreign debt of some \$10bn but has a tradition of careful financial management and unlike other countries with debt difficulties has remained current on debt service payments.

Bankers going to the meeting, where a steering committee will be formed to handle negotiations, do not currently believe that the country will need fresh medium-term finance to overcome its problems.

Nonetheless Morocco's growing current account balance of payments deficit, estimated at \$2bn in 1983, has led to a serious drain of foreign exchange reserves, which fell to \$28m in February this year.

The rescheduling talks have come at a very unfortunate time for a syndicate of 23 banks led by Gulf International Bank, which is due to sign a \$200m short-term loan for the state oil refining agency Samir in Casablanca on Saturday. No decision on whether to go ahead with the signing had been taken yesterday afternoon, but completion of the transaction would mean the banks are taking seriously Morocco's request for them not to withdraw short-term credits.

Lacklustre trading in Eurodollar bonds

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ACTIVITY on international bond markets was again concentrated on non-dollar issues yesterday as fixed rate dollar Eurobonds slipped about 1/4 point in lacklustre trading.

In the absence of an early lead from the New York bond market, Eurobond dealers said that trading volume had fallen off and no new issues were announced. Tuesday's \$75m, 12 1/2% issue for Caisse Centrale de Coopération Economique continued to move slowly, being quoted by the lead manager Paribas at a discount of 1 1/4 and still else where in the market.

With the dollar again firmer on exchange markets investors have more incentive to buy paper in other currency sectors where new issue activity flourishes. In Switzerland, for example, the Japan Development Bank has launched a Sfr 150m, five year, 5 1/2 per cent private placement at 98 1/4 through UBS. Expected soon is a Sfr 100m public issue for the City of Vienna.

Austria's electric utility Verbundgesellschaft has launched a Y150m Samurai bond issue through Yamaichi Securities with a coupon

of eight per cent over ten years and issue price 99 1/4. In the British bulldog bond market the £30m partly paid 25 year issue for Cigna was yesterday awarded a coupon of 13 per cent with issue price 99 1/4 to yield 13.036 per cent.

In Germany DM 30m five-year private placement with warrants for Ryobi, the Japanese decastrating

Elf and Bow Valley raise \$220m loan

BY OUR EUROMARKETS CORRESPONDENT

THE French oil concern Elf Aquitaine and Bow Valley of Canada are raising a \$220m loan in the Euro-markets to finance development of the Heimdal gas field in the Norwegian sector of the North Sea.

The loan, which has taken 18 months to design, bears a very complicated rate structure with margins ranging between 1/2 per cent and 1 1/4 per cent over London Euro-dollar rates with banks receiving higher margins on parts of the loan where repayment is solely depend-

ent on proceeds from the field.

The package itself is in two basic tranches with Bow Valley Norge taking \$145m and Elf Aquitaine Norge \$75m. Maturity is between eight and nine years depending on the progress of the project.

Lead managers, who are now offering participation in the deal to a limited group of the borrowers' relationship banks, are Chase Manhattan, Credit Lyonnais, den norske Creditbank, Deutsche Bank, Nat west and Royal Bank of Canada.

FT INTERNATIONAL BOND SERVICE

Yesterday's Eurobond prices were not available for this edition because of computer problems at Datastream International.

company, was priced with a 5 1/2 per cent coupon and issue price. Lead manager DG Bank originally indicated a higher 5 3/4 per cent coupon. Bankers in Frankfurt are today expecting the launch of an issue for London, which is understood to have been added to this month's calendar.

BEAR STEARNS

We are pleased to announce that the following individuals, in our International Division have been admitted to the firm as Limited Partners:

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